

WORLD NEWS

Backing for Olympics at Birmingham

Birmingham was chosen yesterday as the official British applicant to host the 1992 Olympic Games.

London had been the favourite before the meeting of the British Olympic Association, with another determined application from Manchester.

But Birmingham received 25 votes to Manchester's five and London's two. The existence of the National Exhibition Centre and firm plans for a 70,000-seat "superbowl" counted in its favour. Page 4.

Violence in Ulster

Nearly 1,000 police and troops came under attack from stones and bottles thrown by Protestants banned from their annual march through a Catholic area of Portadown, Co. Armagh.

Apartheid sanctions

The White House reiterated its opposition to sanctions against South Africa after the U.S. Senate overwhelmingly approved them. President Reagan is likely to face a tough decision on whether to approve them. Page 2.

Howe call to Argentina

Foreign Secretary Sir Geoffrey Howe urged Argentina to make a practical response to the lifting of the British trade embargo. Page 2.

Threat of NUM splits

The NUM faced the threat of more splits as its white-collar section CUSA began consulting members on its future and some pit workers decided to consider breaking away. Page 5.

Father kills family

Lorry driver John Allen shot dead his wife, 10-year-old son, seven-year-old daughter and himself in Gorleston, Norfolk.

Jailed man cleared

Former policeman Keith Fellowes, who served four years of a seven-year jail sentence for a 1970 murder in Morecambe, Lancs, was declared innocent in the Court of Appeal.

Joseph firm on pay

The Government would make no more concessions to fund a 7.5 per cent pay deal for teachers, Education Secretary Sir Keith Joseph said. Page 5.

Tanker hit in Gulf

The 225,000-dwt Turkish tanker M Ceyhan was on fire in the Gulf after being hit by Iraqi jets. Its sister ship was similarly attacked on Tuesday.

600 held in Quetta

Pakistani authorities arrested 600 people and seized arms in Quetta, following several days of Shi'ite unrest in which 27 people died.

Guinea reopens borders

Guinea reopened its borders a week after a failed coup attempt by former Premier Diarra Traore.

Kuwait in mourning

Kuwait declared a day of mourning for the 11 victims of two bomb explosions in city cafes. Page 2.

Portuguese poll date set

Portuguese President Eanes dissolved parliament and called general elections for October 6.

Round figure

The Peking Golf Club was set up with membership fees set at more than £10,000. Most members are expected to be foreign. Golf, Weekend FT Page XIV.

Australia 94 for 1

Australia were 94 for 1 in reply to England's 456 (Gower 166, Gatting 74) after two days of the third test at Trent Bridge.

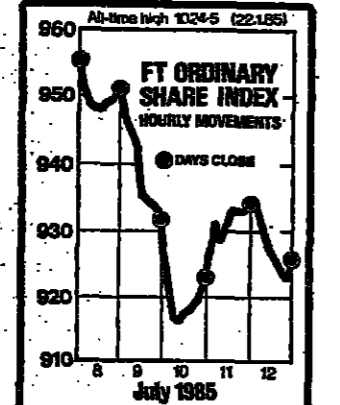
BUSINESS SUMMARY

Labour sets out policy on borrowing

ROY HATTERSLEY, the shadow Chancellor, said that a Labour Government will base fiscal policies on a new set of "realistic and convincing" definitions of public borrowing and spending.

In a speech to a Financial Times conference in London, in which he spelled out Labour's analysis of government debt, he said these definitions would supplant the present Government's "arbitrary and absurd" targets for the Public Sector Borrowing Requirement. Back Page; Page 2.

LONDON EQUITIES were subdued with traders waiting in vain for the clearing banks to head a signal for lower interest rates.



rates. The FT Ordinary Share Index closed 8.4 lower at 926.0, a fall of 23.7 on the week. Page 14.

BRITROL made half-year net profits of £91.4m which compared with £63.4m but was below the City expectations of £100m. The Government is to sell its remaining 49 per cent stake in a fortnight. Back Page and Lex; Results, Page 10.

PORTSMOUTH and Sunderland Group plans on Monday to produce the first newspapers in Britain where journalists set type directly with the agreement of the print craft union. Back Page.

ITALIAN banks have placed about a third of the shares of Montedison, Italy's leading chemicals group, with U.S. and British investors and companies. The aim is to prevent a single Italian investor from gaining control.

BRAZIL secured record loan commitments of \$1.53bn (£1.1bn) from the World Bank in the 1985 fiscal year, making it the bank's largest single borrower. Page 2.

ISRAELI Histadrut trade union federation called off strikes after a government postponement of measures to dismiss 10,000 public sector workers. Page 2.

BRITISH VENTURE Capital Association warned the Government that its Insolvency Bill could force small companies into premature liquidation. Page 5.

MATSUBITA Electric of Japan, the world's largest electrical appliance maker, is to build a microwave oven plant in Britain but has yet to select a site. Page 3.

RICHARD CLAY, the biggest UK book printer, rejected a £13m takeover bid from McCordale, the security, book and specialist printer. Page 10.

DEBENHAMS chairman, Robert Thornton, said in a letter to shareholders that they should continue to reject a 234p per share bid made by clothing retailer Burton Group.

MARINE MIDLAND and Bank InterFirst, the 17th and 18th largest U.S. banks, reported higher second quarter net profits in line with the trend set earlier by Chemical New York. Page 11.

WEST GERMAN metals and engineering group, Metallgesellschaft, is raising DM 128m (£33m) in cash through a rights issue. Page 11.

Laker Airways and BA reach \$48m out-of-court deal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT.

BRITISH AIRWAYS yesterday announced that an out of court settlement had been reached in the long-running action brought under U.S. anti-trust laws against the airline and 11 co-defendants for allegedly conspiring to drive Laker Airways out of business in 1982.

The settlement overcomes the major stumbling block to the privatisation of BA, originally planned to take place earlier this year and now unlikely to occur until next spring.

Under an agreement announced in Washington, BA and its co-defendants, which include other airlines and aircraft manufacturers, have agreed on a \$48m (£34.6m) payment to Mr Christopher Morris, liquidator of Laker Airways, who brought the original case with a claim for damages of \$1.1bn.

In addition to the main deal it is proposed to make a payment of \$5m to Sir Freddie Laker, chairman of Laker Airways, in total settlement of his claims. A further \$8m has been offered to the law firms of Beckman and Kirstien, and Metzger, Shadyac and Schwarz in settlement of their fees for representing Mr Morris and Sir Freddie.

The main deal will stand whether or not the two \$8m payments are accepted. Sir Freddie has yet to indicate whether he intends to accept, but the two law firms have declined the offer. BA said last night: "The parties may ask the courts for assistance in resolving the issue."

A statement from BA said the settlement had been achieved with the co-operation of the liquidator, major creditors and all other co-defendants — British Calendonian, KLM, Lufthansa, Pan American, Sabena, Swissair, SAS, Trans World and UTA of France, with McDonnell Douglas Corporation and McDonnell Douglas Finance Corporation.

Still outstanding are independent "class actions" being brought in the U.S. courts by groups of passengers and others, but these are not expected to present significant problems.

Also, uncertain is the statement earlier this year by Laker, the trading conglomerate, that it was considering a claim for triple damages worth \$327m for loss of profits from two Laker ventures, Skytrain Holidays and People's Airline, set up after the Laker Airways collapse.

Up to yesterday, no formal claim by Laker had been filed. Until a claim is formally lodged, the threat is not being taken seriously by BA or the other defendants in the main anti-trust case.

Mr Colin Marshall, BA's chief executive, said yesterday that settlement of the anti-trust case bore no admission of guilt. BA and the other defendants have always denied any attempt to drive Laker Airways out of business or to breach the U.S. anti-trust laws.

Mr Marshall said settlement of major U.S. anti-trust actions out of court was "the normal course of action" with up to 90 per cent of such cases being settled prior to trial.

"Ending the large degree of uncertainty is in the interests of all parties concerned in the long-running saga over the collapse of Laker Airways."

BA continues to explore the possibility of settlement of the class actions for the same reasons as apply in the Laker litigation.

Details of how the \$48m will be divided among creditors by Laker Airways' liquidator have still to be worked out.

The settlement will ensure that the 16,000 small creditors of Laker Airways will be paid in full. These include 14,000 former Laker ticketholders, and the Laker employees.

BP and Esso cut price of petrol by 6p a gallon

BY DOMINIC LAWSON

BRITISH PETROLEUM last night sparked a new round of petrol price cuts by announcing that from the start of business today it will be selling a gallon of four star at 189.7p — a cut of 6p.

Esso responded immediately and cut prices by the same amount, also from the start of business today. Shell, which is running neck and neck with Esso for leadership of the UK petrol market, said it would be reducing its prices from the beginning of next week.

BP, which is also cutting the price of a gallon of diesel by 7p to 189.6p, said the main reason for the reductions was the recent rapid rise in the value of the pound against the dollar, the currency in which oil is traded internationally.

The spot price of gasoline on the Rotterdam market has hardly shifted since mid-April when Esso last led an industry price change with a 5p rise to 204.6p. But expressed in sterling, the spot market price of gasoline has fallen over the period from £224.7 a tonne to £208.41.

Independent suppliers have thus been able to buy lower-priced bulk petrol and undercut the majors. As a result prices in many parts of the country have fallen to below £2 a gallon, according to BP.

Even after the price cuts, the oil majors will still be making money in contrast to last year when refining and marketing losses were endemic in the industry.

The Automobile Association said last night: "This is great news for the motorist. We have been watching the Rotterdam spot market for weeks and the only surprising thing is that the companies have resisted so long."

However, Mr Chris Walsh, managing director of EHP Petroleum, described the move as a "tidying-up exercise." He said that in most parts of the country petrol was already being sold at a price close to that chosen by BP. Only in a few areas would motorists find a big drop in prices.

Ian Hargreaves adds: The cut in petrol prices comes at a time when oil markets generally are weak and nervous in anticipation of the next meeting of the Organisation of Petroleum Exporting Countries in Geneva on July 22.

North Sea crude spot prices slipped 10-15 cents a barrel yesterday with Brent trading at \$26.35 for August delivery. Arabian Gulf crude oil prices were also lower, reflecting strong selling pressure on the New York crude futures market, following Thursday's announcement by Mexico of a cut in its official prices.

In spite of the rapid follow-up by BP's rivals, the oil companies had hoped that after two years of tight margins, their UK petrol prices would have held at the level before yesterday's move.

Figures compiled by Petroleum Argus, the oil price reporting service, show that the profitability of European refinery operations has risen sharply in the past three months.

Argus figures show that the netback on regular gasoline production at a Mediterranean refinery—a measure of the profitability to the refiner of converting crude oil into gasoline—had risen by about \$50 a tonne this year.

Cut in base rate delayed despite Bank's firm sign

BY PHILIP STEPHENS

BRITAIN'S commercial banks yesterday delayed a cut in the cost of borrowing in spite of the Government's firm signal on Thursday that it would like a 1 point reduction in base lending rates.

The banks indicated, however, that they would consider lowering their rates early next week. With the pound benefiting from a further fall in the dollar's value, the City still expected an early reduction.

The reluctance to follow immediately the Bank of England's cut in its official dealing rates was explained partly by the structure of interest rates in the wholesale money markets.

The cost to the banks of one-month funds, which for many is crucial to their overall margins, remained slightly above the level which would justify a base rate cut.

That situation was apparently exacerbated by a large cash shortage in the money markets. This was not removed completely by the Bank's routine money market operations.

There was also some confusion and irritation at the way the authorities had sought to engineer the cut, and a feeling among some banks that they should assert their independence.

That led to suggestions in the City that the banks had decided to demonstrate that they could not be pushed into instant interest rate changes at the Government's whim.

The authorities want to fine-tune wholesale interest rates

to signal a 1 point cut in base rates from the present 12 1/2 per cent, but are equally determined that they should not move any further for the time being.

The Government is clearly uncomfortable when the pound is rising rapidly against the D-mark, but is anxious to avoid giving any signal that it wants a fundamental turnaround in sterling's fortunes.

The outlook next week is likely to depend on the dollar's performance. The general expectation, however, is that it will need only another fractional shift in UK interest rates to trigger the 1 point base rate cut.

Yesterday, the U.S. currency came under further strong pressure following news of a drop in U.S. retail sales last month. That was taken as confirmation that the U.S. economy has slowed significantly in recent months, and strengthened the view in foreign exchange markets that the original estimate of second quarter GNP U.S. growth will be revised downwards.

Against the D-mark, the dollar fell to its lowest level since last August, closing in London at DM2.89, 2.85 pence less than on Thursday. Sterling benefited from the dollar's weakness to close in London at \$1.9860, a rise of 0.4 cents, but weakened against European currencies on expectations of a base rate cut. The sterling index, which measures its value against a basket of currencies, was unchanged at 83.4.

Public spending stabilisation, Page 4; Editorial Comment, Page 6; Lex Back Page.

Fall in U.S. retail sales raises fears of slowdown

BY STEWART FLEMING IN WASHINGTON

A SURPRISING fall in U.S. retail sales in June raised fears yesterday that consumer spending may not provide the forward momentum to the economy in the third quarter that many private economists have been expecting.

A preliminary commerce department estimate suggested that retail sales last month fell 0.8 per cent, the steepest decline since the 1.4 per cent fall last July. That fall helped to signal the sharp slowdown in U.S. expansion over the past 12 months.

Many forecasters had been anticipating weak figures as a result of recent reports of sluggish car and department store sales—but the steep decline and

the fact that the revised May figures still showed a fall of 0.5 per cent was much worse than anticipated.

Mr Malcolm Baldrige, commerce department secretary, repeated official forecasts of faster economic growth in the second half of the year. He pointed to surveys showing an upturn in consumer confidence and improving financial conditions, such as falling interest rates, to uphold the view that consumer spending should continue to support the economy.

The breadth of the decline —only categories such as food, clothing and restaurants reported gains, and the fact that sales have fallen significantly

Continued on Back Page

WEEKEND FT



FRONT LINE

The black townships of South Africa's Eastern Cape are the front line in the battle between the races. Report, PAGE I.



PARIS

Arthur Sandries disturbs the ghosts of the Bastille on Page IX; part two of How to Spend it in Paris, PAGE XI.



FINANCE

Before you go into the red, consider the extra costs that may be attached to your overdraft, PAGE IV.



ARTS

Theatre with a difference: the London International Festival of Theatre, PAGE XIII.

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MARKETS

DOLLAR

New York lunchtime: DM 3.584
FF 8.77
SwFr 2.3880
¥130.675

STERLING

New York lunchtime: \$1.386
London: \$1.386 (1.382)
DM 4.00 (4.0375)
FF 12.145 (12.365)
SwFr 3.229 (3.2625)
¥233.5 (233.5)

LONDON MONEY

3-month interbank: Closing rate 12% (12 1/2%)
3-month eligible bills: buying rate 11 1/2% (11 1/4%)

STOCK INDICES

FT Ord 926.0 (-8.4)
FT-AI Share 583.91 (-0.6%)
FT-SE 100 1,230.8 (-7.6)
FT-A long gilt yield index: High coupon 10.34 (10.40)

GOLD

New York: Comex Aug latest \$317.2
London: \$318.25 (\$314.75)
Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sk 18; Belgium Kr 42; Denmark Kr 7.25; France Fr 6.50; Germany DM 2.20; Italy Lit 1,300; Netherlands Fl 2.50; Norway Kr 6.50; Portugal Esc 20; Spain Ptas 160; Sweden Kr 6.50; Switzerland Fr 2.20; Ireland Spm; Malta 36c.

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For London market and latest share index 01-246 8026; overseas markets, 01-245 8086

OVERSEAS NEWS

Reagan reaffirms sanctions stance

BY REGINALD DALE IN WASHINGTON

THE WHITE HOUSE yesterday firmly reiterated its opposition to sanctions against South Africa as the "wrong way" to end apartheid and said that President Ronald Reagan would continue to pursue his low key policy of "constructive engagement" with the Pretoria Government.

The White House statement came only a few hours after the Republican-led U.S. Senate overwhelmingly approved a limited sanctions package that will now have to be reconciled with tougher measures already endorsed by the Democrat-controlled House of Representatives.

The 80 to 12 Senate vote means that Mr Reagan is virtually certain to be confronted with a decision on whether to risk a major political outcry by

vetoing sanctions legislation. The Senate's action, a serious rebuff for Mr Reagan reflected mounting public frustration with his policy of seeking change in South Africa through quiet diplomacy.

The consensus on Capitol Hill yesterday was that Mr Reagan would probably find himself obliged to sign sanctions into law, particularly if the final legislation is closer to the milder measures approved by the Senate. Conference negotiations to iron out differences between the two Bills could start as early as next week.

The versions adopted by the Senate would prohibit new loans by American banks to the South African Government and already restricted exports of U.S. nuclear technology and computers used by government

agencies to enforce apartheid. It calls for a ban on new U.S. investment in South Africa and an end to U.S. imports of gold Kruggerand coins if Pretoria does not make substantial progress towards ending apartheid in 18 months.

The House Bill would introduce the investment and Kruggerand sanctions immediately, and only lift them if apartheid was relaxed.

The Senate Bill, unlike the House version, calls for the introduction of a new American gold coin to compete with the Kruggerand, which would be the first official such minting since the U.S. left the gold standard in 1933.

Backers of the Senate legislation admitted yesterday that they did not expect it to lead to immediate changes in South

African policy, or even have an early impact on the country's economy. Mr Richard Lugar, the Republican chairman of the Senate Foreign Relations Committee, said that its main purpose would be to "distance this country from the evil of apartheid."

Official South African reaction to the U.S. Senate vote on limited economic sanctions was mooted with Mr P. W. Botha, Minister of Foreign Affairs, noting that the vote was only part of the lengthy and complex legislative process.

"We would hope nevertheless that good sense will prevail in the time still available and the ongoing debate will serve to better inform the U.S. legislature of the mutually disadvantageous consequences which their actions could bring about," he added.

Kuwaitis mourn victims of bomb blasts

By Kathleen Evans in Dubai

A day of national mourning was declared yesterday for the 11 victims of the bomb explosions which struck two seaside pavement cafes on Thursday night in Kuwait City.

Local television ran programmes of prayer and flags were flying at half mast. Friday prayer speakers in the mosques called the bombings "cowardly," and Rashid al Rashid, a Kuwaiti Cabinet Minister, said that, despite the attacks, Kuwait remained an "oasis of stability in the Gulf region."

The bombings were said to have aroused great anger among Kuwaitis against the foreign community, which is increasingly seen as a source of instability.

The bombs were planted in cafes which catered exclusively for Kuwaiti clientele. The two coffee shops were designed to reflect the country's historic Bedu heritage, and were famous for their "hagidi" beans cooked in Kuwaiti style. To many nationals, they functioned as a cultural haven in a country which consists 60 per cent of foreigners.

One of the cafes was just 200 metres from the scene of the suicide car-bomb attack six weeks ago on the Emir, Sheikh Jaber al Ahmed al Sabah. Since then there has been a massive security clampdown in the country.

Over 500 foreigners have been deported from the country since May, many of them Lebanese, Iranians, Iraqis and other foreign Arabs. One of the victims in Thursday's bombing was a senior officer of the interrogation unit of the Kuwaiti police force.

No organisation has yet claimed responsibility for Thursday's bombings and the normally outspoken Kuwaiti Press has hesitated to point a finger at any particular group.

The attack on the Emir was claimed and later denied by the Islamic Jihad organisation, which threatened at the time to "shake all the thrones of the Gulf monarchies."

Legal move on hijack suspects

Lebanese authorities have sent the public prosecutor the names of three Lebanese men suspected of hijacking a U.S. airliner last month and killing an American passenger, legal officials said yesterday, Reuters reports from Beirut.

The names for Greek police had provided a list of all Lebanese on the Trans World Airlines Boeing 727, hijacked on June 14 with 153 passengers and crew on a flight from Athens to Rome, the officials said.

Greek police were reported as saying in a letter that one of the three suspects were found to have two forged passports.

Lebanon's announcement of legal action over the TWA hijacking was welcomed by Mr. Larry Speakes, White House spokesman in Washington yesterday "as a step forward," AP reports. "We will be watching with close interest to see what is now actually done to prosecute them," he said, adding "We've heard these names before (and) we don't quarrel with them."

Shultz voices deep concern for security of South East Asia

BY CHRIS SHERWELL IN KUALA LUMPUR

THE U.S., voicing deep concern for the security of its South East Asian allies, yesterday condemned Vietnam's continued military occupation of Kampuchea and pledged assistance to fight the communist threat to Thailand and the Philippines.

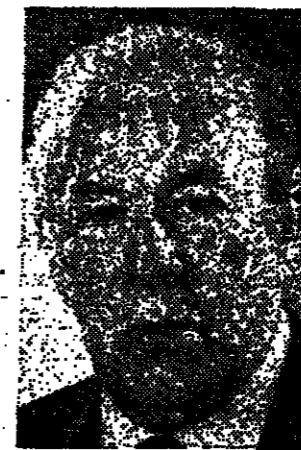
In a powerful affirmation of U.S. Asian policy Mr George Shultz, U.S. Secretary of State, also reiterated to the Association of South East Asian Nations (Asean) the Reagan Administration's strong line against terrorism, drug trafficking and trade protectionism.

Calling Vietnam "the most immediate threat to peace in East Asia," he made it clear that a normalisation of ties with Hanoi was impossible without a Vietnamese troop withdrawal from Kampuchea and a settlement acceptable to the six members of Asean—Thailand, Malaysia, Singapore, the Philippines, Indonesia and Brunei.

Because of the Vietnamese threat, he said, Washington plans to step up security assistance to Thailand, a frontline state. This assistance, he added, had already risen from \$39m (£28m) in 1980 to \$107m last year. The figure for Asean as a whole had increased from \$173m to \$429m.

Detailing how U.S. naval and air power had been strengthened in the region, he underlined the strategic importance of the U.S. bases in the Philippines. These, he said, "are crucial not only to the U.S. and the Philippines, but also to the security of our other friends in Asia, from Japan and Korea to the Persian Gulf."

As for U.S. assistance to Manila, he said this had a large economic component to help what he called "a close friend



Shultz—boosting military aid to Asean

and treaty ally overcome serious political, economic and security challenges."

In a late addition to Mr Shultz's remarks, reflecting some hesitation if not reluctance, the U.S. endorsed Asean's latest peace initiative on Kampuchea—a move in line with the now-standard Washington policy of following Asean's lead.

The initiative, spurned by Hanoi in advance, called on Vietnam to hold indirect or "proximity" talks with the United Nations-recognised Kampuchean coalition fighting to overthrow the Hanoi-backed Heng Samrin regime in Phnom Penh.

While duly lauding the thrust of Asean's settlement proposal, Mr Shultz pointedly said he was "reassured" that Asean would not recognise the Heng Samrin regime—something earlier implied by a previous Malaysian idea, never adopted, suggested indirect talks between the guerrillas and the Phnom Penh Government.

Chinese industrial output increases by 23 per cent

CHINA'S industrial output rose by 23.1 per cent in the first six months of the year, despite Government measures to rein in the economy, Reuters reports from Peking.

The State Statistical Bureau, which announced the figure, said companies must be prevented from blindly seeking high growth. Consumer liquidity was also growing too fast, creating an imbalance in supply and demand, it said.

The surging growth rate is a major worry for China's reforming government, which has already introduced a credit and wages squeeze. Chinese economists have warned that if the economy is allowed to grow too fast it will cause bottlenecks in the supply

of energy and raw materials and could undermine the reform package.

The bureau, quoted by the official China News Service, said the rapid growth was caused by rapid expansion of collective enterprises.

Overall industrial output value rose 23.1 per cent in the first half of 1983, but the growth rate for state companies was 15.9 per cent compared with 45 per cent for the collective sector, he said.

Total industrial output rose 11.6 per cent in the same period last year and 14 per cent in the full calendar year, with the economy already dangerously picking up steam towards the end of 1982, according to Chinese economists.

Morocco bond for Sahara

BY FRANCIS GHILES

MOROCCO WILL issue a three-year government bond to help finance projects in the Western Sahara later this summer. King Hassan said in a broadcast that a bond issue last March had brought the Moroccan Treasury Dirhams 450m (£33m), more than four times the target.

The new issue will carry an interest rate of 14 per cent tax free—the same as four months ago—but the new issue can be subscribed, and reimbursed in foreign currencies.

Morocco's claim to the Western Sahara, which its armed forces overran in October 1975 is strongly contested by Polisario Front guerrillas who, in 1976 set up the Saharan Arab Democratic

Republic (SADR), now recognised by 82 countries. The projected deficit is estimated to cost the Kingdom in excess of \$1.5m a day.

Negotiations between Rabat and the commercial banks on the restructuring of that part of the Kingdom's commercial debt which falls due between September 1983 and December 1984 are expected to be concluded soon. A two-day meeting of the Paris Club next Monday and Tuesday will discuss the rescheduling of that part of the Kingdom's official debt which falls due between 1985 and 1988.

Agreement on these two fronts should clear the way to a new IMF SDR 288m (£185m) loan for Morocco later in July.

UK assailed over Heysel riot deaths

BELGIAN Interior Minister M. Charles-Ferdinand Nothomb, fighting for his political survival, made a stinging attack on English society yesterday over the May 29 Brussels European cup final soccer riot in which 38 fans died, Reuters reports from Brussels.

In a 40-minute speech at the start of a parliamentary debate on the disaster, M. Nothomb, under strong pressure to resign over security failures at the Heysel stadium, blamed almost everyone except himself.

He reserved his harshest words for the English, "responsible for this calamity for the victims and for our country," whom he accused of having long condoned the "hooliganism" which led to the fatal Brussels rampage by Liverpool supporters.

"Today, I will speak out severely about the collective responsibility of English society which tolerates this violence, which accepts it, which tries to channel it without wanting to eliminate it," he declared.

"A certain number of clubs accept this violence as a part of the sporting spectacle and even of their club's trade mark." M. Nothomb's attack, making no reference to Britain's recent tough measures to fight soccer hooliganism, appeared aimed primarily at deflecting criticism of his own performance from the Socialist opposition and many Government parliamentarians.

His speech was conspicuously not applauded by the Liberal deputies on the Government benches.

The Socialists have put down a motion of no confidence in the Minister but they may be outflanked by a general motion of support for government policies when the vote comes, probably today.

Prime Minister Wilfried Martens is understood to be determined that the aftermath of the Heysel disaster should not bring down his cabinet. In which M. Nothomb is one of four deputy premiers, five months before a general election.

A report by a parliamentary inquiry, on which yesterday's debate was based, said British fans caused the deaths when they charged Italian Juventus supporters.

EEC records jobs gain

THE EUROPEAN Economic Community gained 280,000 jobs last year, the first increase in four years and a sign of improved economic conditions, the EEC's statistics office said yesterday. AP reports from Brussels.

Even with last year's gain, the 10-nation trading bloc has lost nearly 2.5m jobs since 1980. The U.S. added 5.8m jobs in that period, the report said.

The total number of people employed in the EEC last year was 107.9m, a gain of 0.2 per cent from 1982. In the U.S. it was 107.2m, a rise of 4.1 per cent.

Among the EEC nations, the largest employment gains last year were recorded by Denmark, with a 2.3 per cent increase, and Britain, with a 1.6 per cent gain. The biggest losses were in Ireland, down 1.3 per cent, and France, down 1.0 per cent.

If figures for Spain and Portugal were included, the EEC would have had a net job loss of 0.2 per cent last year instead of a 0.2 per cent gain for 10 current members. The two Iberian nations are scheduled to become members of the EEC on January 1, 1986.

S. African black miners look set to strike

BY ANTHONY ROBINSON IN JOHANNESBURG

THE PROSPECT of a strike by black miners looms over the South African mining industry this weekend as the executive committee of the National Union of Miners meets to analyse the results of a strike ballot and decide on its strike tactics. Early returns from the 200,000 miners balloted indicate strong support for a strike, union officials said, but the full results are not expected until today.

The Chamber of Mines, which has criticised the way in which the ballot has been carried out, has already warned the NUM's

110,000 members that strike action would not lead to an improvement on the chamber's final offer ranging from 14.1 to 19.6 per cent on minimum rates paid from July 1. The union is demanding an across-the-board increase of 22 per cent and further increases in fringe benefits and holiday allowances.

According to the chamber, which represents mine owners in wage negotiations, the cost of the union's demands amount to 32 per cent for gold miners and 41 per cent for colliery workers. It said this was "totally unacceptable" and underlined that the increases

now being paid by chamber mines were above the rate of inflation and higher than other industries in the current negotiating cycle.

Meanwhile the Volkswagen car plant at Uitenhage in the Eastern Cape was idle again yesterday as the company and union representatives remained deadlocked in the dispute over minibuses the company proposed to lend for the forthcoming All Black rugby tour.

The New Zealand high court is due to rule this weekend on an injunction which could lead to postponement or cancellation of the tour. But the

earliest the plant could return to normal is Tuesday as most of it is working a four day week.

Elsewhere on the labour front, talks between workers and management at the AECI Chlor-Alkali plant at Ballen-giech near Newcastle in Natal continued before the noon deadline earlier imposed by the company for a return to work by 490 strikers. The company, which is owned 40 per cent by Anglo American Corporation and 38 per cent by ICI of the UK, is seeking guarantees that workers will ensure uninterrupted working and strict attention to safety procedures.

Howe expresses disappointment at Argentina

By Robert Graham

SIR GEOFFREY HOWE, the British Foreign Secretary, yesterday urged Argentina to reconsider its response to Britain's unilateral lifting of the trade embargo. Sir Geoffrey called on Argentina to show its willingness to resume a dialogue with Britain by adopting practical measures rather than reiterating its position on sovereignty over the Falkland Islands.

The Foreign Minister's comments came in a statement originally expected on Thursday night immediately after the Foreign Office had received the text of Argentina's reply to Britain's announcement of the lifting of the trade ban. The ban was lifted on Monday, coinciding with a visit to Brazil by Sir Geoffrey.

Argentina's reply in the form of a statement on Wednesday, offered to resume talks within 60 days and to make a formal declaration ending the state of belligerency provided this was linked to inclusion of Falklands sovereignty on the agenda.

Sir Geoffrey described this as a "disappointing response," and went on to say in a statement: "The Argentine Foreign Ministry has acknowledged that our action was a positive step. But their statement does not indicate any willingness to reciprocate directly. Instead it calls upon Britain to enter into discussions, which must include discussion of sovereignty over the Falkland Islands within 60 days. Our statement of July 8 made absolutely clear that we are not prepared to discuss sovereignty."

Spanish court rejects spy case

By Tom Burns in Madrid

A CLOUD of suspicion hangs over Prime Minister Felipe Gonzalez's Socialist Government lifted yesterday when the Spanish Supreme Court refused to pursue allegations into supposed cabinet links to a scandal concerning police surveillance of the opposition Alianza Popular Party.

Earlier this month a lower court judge had referred to the Supreme Court what has come to be known as the Spanish "Watergate." The Supreme Court alone has powers to serve writs on members of parliament, senior administration officials and cabinet ministers.

The Supreme Court, however, ruled that there was "no indication of criminal activity" committed by persons who were protected by the privileges of high officialdom and subject solely to Supreme Court Subpoenas.

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Israeli unions call off strikes

BY DAVID LENNON IN TEL AVIV

THE HISTADRUT, Israel's trades union federation, has called off its selective strikes for three days and postponed a general strike set for early next week in the wake of the Government's decision to delay indefinitely issuing emergency decrees dismissing 10,000 public sector workers.

This is expected to bring a respite in the labour unrest which broke out after the Government announced an austerity programme last week, which included sharp erosion of wages during a planned three months' wage and price freeze.

The impression is gaining ground that the Government is now resigned to retreating somewhat from the tough position which it adopted over wages and dismissals from the public service, when it approved the austerity programme. Next week will prove a very testing time for both the Government and the unions as they seek a

compromise acceptable to the nation's workers which will not destroy the Government's new recovery programme.

Despite the Histadrut decision, workers in the financial sector are still threatening to go ahead with a planned one-day strike tomorrow, which would shut all banks, insurance companies, and the Tel Aviv Stock Exchange.

It is also still far from certain that the staff of the country's Electric Corporation, who have been disrupting supplies throughout the week, will heed the Histadrut call.

The overall unions response will prove a major test of Histadrut control over individual unions, some of which believe that further strike action is needed to convince the Government that planned sharp pay cuts are unacceptable.

Mr Israel Kessar, Histadrut secretary-general, decided yesterday to halt the strike to create a better climate for

negotiations with the Government. However, he made clear that stoppages could resume on Tuesday.

If there is no acceptable progress in the talks on compensation to wage-earners in return for accepting a pay freeze, he is expected to seek approval for the all-out general strike.

An Israeli government official yesterday denied news reports that Israel had illegally acquired uranium that could be used to make nuclear weapons, AP reports from Jerusalem.

The official, who spoke on condition he was not identified, said "It was used for industrial research and development of a metallurgical nature." He was commenting on news reports that shipments of uranium had arrived in Israel from Britain and France via Luxembourg in 1984. He also said the Vienna-based International Atomic Energy Agency had absolved Israel of wrong doing.

Brazil wins World Bank loans

BY ANDREW WHITLEY IN RIO DE JANEIRO

BRAZIL secured record loan commitments of \$1.53bn (£1.1bn) from the World Bank in the 1985 fiscal year just ended, confirming the South American country as the largest single borrower from the bank. The record was achieved in the face of continuing pressures on the World Bank's resources.

For the current 1986 fiscal year, which runs from July to next June, the Sarney Government has agreed with the bank on a commitment of \$1.4bn. Although marginally down on previous years, in the circumstances this is much more respectable figure than might have been expected.

According to Sr Gilberto Veloso, a senior Planning Ministry official, despite the improvements in its balance of payments since the crisis days of 1983, Brazil will continue to press for special treatment from the World Bank.

In particular, the new Government would like to see the retention of fast disbursing loans and the favourable conditions of the bank's Special Action Programme. The SAP formally expired at the end of June but may be renewed on a case-by-case basis.

The degree of the World Bank's continuing commitment to helping Brazil overcome the effects of the debt crisis can be judged by the fact that \$1.16bn

of the record 1985 commitments was rushed through in the last three months of its fiscal year—after the new civilian government had taken office.

Problems nevertheless remain to be overcome, in individual sectors earmarked for substantial chunks of the bank's largesse.

The bank is continuing to press for major reforms in the inefficient alcohol fuel production programme. And it is unhappy with the way in which public sector tariffs, notably electricity prices, have been allowed to lag way behind inflation, pushing the already heavily indebted state organisations concerned even further into the red.

Rupert Cornwell reports from Leimen on the triumphant, if brief, return of the Wimbledon tennis champion

Becker-mania enlivens a small town in West Germany

A STRAPPING 17-year-old returned here yesterday after a successful job in London almost a week ago—and just for a little while. Leimen, a few miles south of Heidelberg, became the most famous small town in Europe. Boris Becker, briefly, is back in West Germany, and last night his home town turned out to do him the honours, complete with motorcade, speeches from the town hall balcony, and a party at the local tennis club. Even the presence of half a dozen TV crews and 250 journalists from around the world couldn't spoil the fun.

For somehow, as it had to, the occasion remained intimate. Leimen was festooned with its blue and white city flags. Two well-worn pairs of the champion's tennis shoes dominated the window of the main High Street sports shop.

A butcher was offering hideous round ochre sausages, named "match balls à la Boris." There are Boris steaks, Boris T-shirts and even Boris first-day covers for stamp collectors.

Predictably, a fledgling local Becker industry has produced not one, but two records: "Boom Boom Boris" and "Boris at Wimbledon." Tomorrow, mercifully, both will be forgotten; but who cares. Leimen, however, like the

rest of Germany takes its pleasures seriously. The prodigy may be returning to joy; but a few yards from the Rathaus where he received his gold ring of honour from Herr Herbert Ehrbar, the mayor, the Social Democrats were advertising package holidays for party devotees wanting to use a spell on the Mediterranean this summer to discuss political non-alignment with members of the Maltese Labour Party.

And in the wider Germany, the improbable Becker triumph at Wimbledon has been just the cue required for another bout of national self-examination, albeit in a marginally happier key than usual.

The problem—beyond the old memories stirred by headlines like "Blitzkrieg Boris" and Boris uber alles—"has this time been: How are the Germans to cope with homegrown idols. Die Zeit, that earnest voice of the German right-thinking, indeed was moved close to self-parody on Thursday, pondering in its leading article on the front page whether Becker-mania (for so at the moment it must be described) would mark rediscovery by Germans of the ability to keep personality cults on a harmless plane—in other words



Boris Becker with his father, mother and sister after winning at Wimbledon.

words to prevent the young Becker becoming another Fuehrer.

It then warned "identification with a hero must not make an individual dependent. A man can be enriched by an idol, provided this does not lead to

idolatry and that he finally emancipates himself, and makes up his own mind." In the case of a 17-year-old, even if he is the world's hottest tennis player, that is surely a bit much. But a basic desire for self-improvement is no less evident

at the now notorious Blau-Weiss Tennis Club, where it all started. Not even the celebrations due there last night could mar the atmosphere of relentless middle-class striving, which of course helped to produce Boris. For whatever Leimen may be

—pleasant, but as dull and devoted to the quiet life as most small towns anywhere—it is no accidental athletic Bethlehem, blessed by the passage of a star over the Becker household on November 11 1967. The town may contain the third largest cement works in West Germany, whose overhead skips run behind the tennis club—but its most serious industry is sport.

One in two of the 17,000 citizens of Leimen are active members of sports clubs, which receive DM 500,000 (£225,000) subsidies every year from the municipality. Moreover, two Olympic champions in the last dozen years have come from the place.

"I can tell you it was no coincidence that the young lad came from here," a municipal worker said, showing generous understanding that the young lad in question has turned to the tax haven of Monte Carlo and to the sponsorship of the BASF chemical company (even DM 75,000 a hour to interview the new Wimbledon champion, Charles II well, and also employ whatever his current engagements. Boris Becker remains a Leimener for the Leimeners. No matter the warning of Mr Ion Tiriac, his Romanian manager, to his father when

the fatal contract was signed a year ago, that "you won't be seeing much of your son now, but you'll be reading a lot about him."

The townspeople are confident that Boris won't be spoiled and that he will be back. The mayor spoke proudly last night of the "particular desire" of Boris for a close association between Leimen and himself. More to the point was an old woman talking in the empty town hall square the night before. "Boris won't give up Leimen. Nobody's good luck lasts forever."

In another sense, too, the young man's enforced absence hasn't made much difference. On the very morning of the big day of July 7, his former Blau-Weiss Tennis Club did not disgrace itself—whitewashing its nearby rivals from Hemsbach by nine matches to nil without losing a set, to secure promotion in the regional league.

"We are used to winning here," the chairman of the Blau-Weiss modestly conceded. Outside on the 12 red-dirt courts straining infants as well as their equally determined elders played tennis of quite alarming competence. Leimen may not have given its last,

سكوت الاخبار

Matsushita to build microwave oven plant in UK

BY CARLA RAPOPORT IN TOKYO

MATSUSHITA ELECTRIC, the world's largest electrical appliance manufacturer, is to build a microwave oven plant in Britain.

The Osaka-based company said yesterday that it has not yet selected a site nor would it divulge the size of the investment.

Matsushita already produces television sets in Cardiff. As a result, industry executives believe the plant may well be located there.

The company said the plant was part of its corporate strategy to expand overseas production. It should help diffuse mounting trade friction between Japan and European countries by relocating exports with locally-made goods.

Microwave oven sales in Britain last year exceeded 1m units and this year the figure is expected to reach 1.5m. Matsushita sold 83,000 units in Britain last year and this year expects to sell about 125,000.

It is believed that the new plant will provide at least half that total when it is on stream next year or in early 1987.

The company confirmed yesterday that it plans to double the production capacity of its Chicago microwave oven plant to 500,000 units a year by 1989. The group currently exports 1.2m microwave ovens to the U.S. annually.

Matsushita said it had not yet decided what percentage of the

British-produced ovens would be made up from local components. It is believed that most will be imported from Japan, at least at the beginning.

The group has rejected the idea of building the plant as a joint venture with a European company but this does not preclude the formation of joint ventures for producing other products in Europe.

Matsushita, with sales this year likely to be worth more than £3,400m (£10.149m) is best known for its electric appliances sold under the Panasonic, National, Technics and Quasar brands.

The Japanese-owned Sharp Corporation is also diversifying microwave oven production for the European market at its video recorder plant at Wrexham, North Wales, creating 190 jobs.

The company said in May it planned to produce 120,000 microwave oven units in its first year, rising to 240,000 a year by 1988.

Sharp arrived in Wrexham to build the £15m video recorder plant just over a year ago.

Production began in February at 3,500 units a month. The 200,000 sq ft factory was completed by Fairclough Construction in a record 32 weeks. Output is due to rise rapidly, to create 630 jobs in three years.

Insolvency Bill 'a threat to small companies'

BY WILLIAM DAWKINS

THE British Venture Capital Association has warned the Government that its Insolvency Bill could force small, growing companies into premature liquidation.

The association has written to Mrs Margaret Thatcher and ministers closely involved with the Bill, due to reach its report stage in the Commons next Thursday, proposing amendments to its definitions of when companies are guilty of "wrongful trading".

Mr Tony Lorenz, chairman of the association's insolvency team, said: "In its present form, the section of the Insolvency Bill dealing with wrongful trading will have the effect of stifling the growth of small entrepreneurial British businesses."

The association suggests that the definition of insolvency should be related to a cash flow test of the absence of any expectation of a company's ability to meet the obligations of an ongoing business as and when they fall due. The Bill proposes that the test should be whether

or not a company was theoretically insolvent — that is, whether its liabilities exceeded assets — while it was trading.

Mr Lorenz said that if that test became law "few businessmen or competent professionals will be willing to take the personal risks involved in assisting such small companies to deal with the problems, which they, in the very nature of small companies, will face from time to time in their growth — particularly in the case of start-ups and young companies or those where turnaround or recovery activity is required."

The association maintains that many large groups — including banks with large portfolios of loans to Third World countries — would end up in insolvency liquidation if the decision was taken today to close them down. Assets which were properly valued in the books would fetch much less if sold by the liquidator, while fresh liabilities would arise, like the need to pay off staff, or the expenses of winding up the business.

New Mercedes 190 on sale

BY JOHN GRIFFITHS

A HIGH-PERFORMANCE version of the Mercedes 190 saloon, which relies on Cosworth Engineering for its sophisticated, 16-valve cylinder head, is now on sale in the UK.

The 140mph-plus Mercedes 190 2.3-16, at a list price of £21,045 including taxes, represents a coup for Cosworth, based in the UK and best known for producing the Cosworth V8 racing engine, the most successful in grand prix history.

It is rare for Mercedes to go outside its own research and development departments for engineering technology.

However, Cosworth was primarily responsible for the development of the intricate cylinder head which provides the new car's extra power. It is also producing the heads for the West German car maker, using a new type of aluminium casting process for which it has claimed a technological breakthrough.

The castings are being produced by Cosworth Castings, a subsidiary set up at Worcester to operate a new £1m foundry which incorporates the new technology and which came on stream last year. The process involves a low-pressure sand casting able to produce very complex castings accurately.

Mercedes has already built more than 5,000 of the new cars and envisages an annual production ceiling of about 7,000. Only about 200 right-hand-drive versions of the model are expected to be delivered in the UK this year, rising to 400 in 1986.

Mercedes sees the car as an image builder to attract buyers younger than the typical Mercedes customer, and who are likely to have bought cars by such rival makes as BMW.

Mercedes-Benz (UK) said yesterday there was strong demand for the car which has anti-skid braking as standard.

Law Lords rule out shares bid

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A SEALED BID for shares offering "£510,000 (£54,300) in excess of any other offer which you may receive" after which you may receive, five Law Lords have ruled.

The bid was a referential one not permitted by the terms of the invitation to make offers for the shares, the Law Lords held, reversing a Court of Appeal decision.

The shares on offer were a 12 per cent holding in A. Harvey and Company held by the Royal Trust Company of Canada (RTCC). Sealed bids were invited from Harvela, a company representing members of the Harvey family, which held 43 per cent of A. Harvey's shares, and from Sir Leonard Outerbridge, on behalf of the Outerbridge family, which owned 40 per cent. Each was assured that the highest offer would be accepted.

Harvela offered £52,175,000. Sir Leonard's offer was £52,100,000 or £510,000 in excess of any other which you may receive which is expressed as a fixed monetary amount,

whichever is the higher."

The trust company accepted Sir Leonard's offer after being advised that it was a valid offer of £52,276,000.

The High Court ruled out Sir Leonard's bid on the ground that it was referential; the Court of Appeal disagreed, holding that a referential bid had not been expressly or impliedly banned.

In the House of Lords, Lord Templeman said that three provisions in the invitation to bid showed that the trust company's intention had been that there should be a fixed bidding sale and not an auction enabling one bid to be adjusted by reference to another.

The trust company had undertaken to accept the highest offer, showing that it was anxious to ensure that a sale resulted.

The same invitation had been given to Harvela and Sir Leonard, showing that the trust company wished each of them, and nobody else, to have an equal opportunity to buy the shares.

NCB men accused of deception

By Maurice Samuelson

TWO NATIONAL Coal Board officials and a property developer appeared before magistrates at Mansfield, Nottingham, yesterday, accused of making false representations to obtain cheques from the NCB over subsidence claims in north Nottinghamshire.

There was no application for bail from their solicitors and the three were remanded in custody until Tuesday.

The NCB officials are Mr David Charles Owen, 36, a subsidence inspector, and Mr Ronald Roy Davenport, 53, head of the North's area NCB subsidence branch. The developer is Mr Timothy John Fretwell, 32.

Mr Fretwell and Mr Owen were charged with obtaining a cheque for £16,300 in 1983 over subsidence damage and expenses for a house at Mansfield.

Mr Fretwell and Mr Davenport were alleged to have secured by deception a cheque for £8,400 concerning damage to a service station at Rainworth.

Sales of building materials fall by 10%

By Lisa Wood

SALES OF building materials in May were down by 10 per cent compared with the corresponding month last year, according to figures published yesterday by the Builders Merchants Federation.

Mr Reg Williams, director of the federation, said the industry's problems continued while "an insensitive government stands by the sidelines unwilling to invest in the nation's vital infrastructure."

He said that the Government's policies were hitting the industry particularly hard was confirmed by the Confederation of British Industry's distribution trade survey for May. This showed that builders' merchants had only a 17 per cent increase in sales while total distribution showed a 67 per cent increase.

The index survey of building materials sales in May produced by the BME on a standard planning region basis, indicated a national decrease in sales of 9.9 per cent compared with May last year.

Leyland to shut Irish offshoot

By Kenneth Gooding, Motor Industry Correspondent

LEYLAND VEHICLES, the BL subsidiary, is to close its assembly subsidiary in Ireland with the loss of 41 jobs.

Sales of heavy trucks over 3.5 tonnes (gross weight) have halved to only 2,500 a year since 1980. Ford and Iveco, the Fiat subsidiary, have also stopped production in Ireland.

The subsidiary, which once assembled vehicles from kits but has taken on other work in recent years, has suffered losses of about £1m (£778,000) a year, Leyland says.

£650,000 boost for design

THE GOVERNMENT is to boost its support for design initiatives in industry, and education by an extra £650,000 in 1985-86, Mr John Butcher, under-secretary for industry announced.

The sum, which supplements current design grants of £4.2m, includes an extra £500,000 grant to the Design Council and £150,000 over three years to develop design curricula in schools and colleges.

Opportunities and problems at a time of rapid change

BY BARRY RILEY

THE CITY of London had a huge opportunity to consolidate a pre-eminent world position, Mr Eddie George, executive director of the Bank of England, said in a keynote address to the Financial Times conference on the City Revolution yesterday.

There were bound to be problems for participants in the financial markets at a time of rapid change, but standing still was not an option. The forces of competition were too strong.

Discussing the new gilt-edged market, for which he has personal responsibility, Mr George said that the Bank resented any suggestion that it should have reduced the numbers of market-makers to accord with an arbitrary judgment of the market's capacity.

Competition among market-makers would certainly be intense, and not all would be able to make money. "But we will ensure that it is their money they lose, rather than that of investors or counterparties," he said.

Mr Gordon Pepper, joint senior partner of W. Greenwell, the stockbrokers, said the problems of chain reactions in the financial markets had been

FINANCIAL TIMES — City — Revolution CONFERENCE

highlighted by the need to rescue Johnson Matthey Bankers.

He said that regulation was too concerned with the "micro." There was not enough emphasis on the overall or "macro" approach to prevent the development of speculative bubbles that had to burst.

Mr Pepper also discussed the relationship between investment banking and commercial banking. He said that discussion about prudential control of the former had barely started.

"Some of you may think that it is a bit late in the day, given the current stage of the City revolution," he said.

Turning to the opportunities for the specialist merchant banker, Mr Win Blischoff, chairman of J. Henry, Schroder, Wagg, emphasised the necessity to respond to more intensive compe-

tion by adopting greater specialisation.

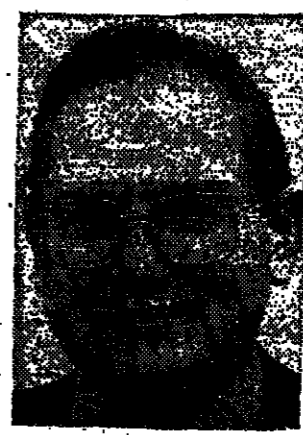
Demand for the available pool of specialist skills in London was growing rapidly. But, overall, the opportunities had never been greater and the UK merchant banker was extremely well placed to follow them.

Mr Richard Lambert, deputy editor of the Financial Times, discussed the expansion of Wall Street investment business after deregulation in 1975, and drew lessons for London in the 1980s.

He warned that there would not be just one big bang, but the effects of deregulation in London would produce a series of further explosions in later years. Most firms would be surprised by the degree of disconcerting of commentators. "The road to the promised land is going to be rocky for everyone, and impassable for some," he cautioned.

Lord Bruce-Gardyne, a former Economic Secretary to the Treasury, said it was important not to over-estimate the ability of lawmakers at Westminster, and code-makers in Threadneedle Street, to put a stop to human folly, greed or wickedness.

Life would be tougher, but



Eddie George: standing still not an option

private personal investors and, at the other end of the spectrum, for those managing domestic monetary conditions.

Mr Stanislas Yasskovich, chairman of Merrill Lynch Europe and Middle East, said that the City of London should seek to capture the bulk of the financial transactions in its time zone. If that were to happen, care needed to be taken lest markets fragment.

From the UK's point of view, the ultimate political justification must be that the invisible earnings account would benefit substantially. But the exercise would prove pointless if it were not to make a contribution to the integration of the European market. He suggested that communications would ultimately turn Europe into a single national marketplace. But it was a difficult process and would take time.

A first-hand description of American experience in deregulation came from Mr Morton N. Weiss, president of the National Securities Traders' Association of the U.S. He said that London's current fears and trepidations had been experienced in the U.S. He argued, though, that there was a great opportunity to increase ownership of equities among the UK public. These were held by 5 per cent of the adult population at present, compared with more than 20 per cent in the U.S.

He saw a global network of compatible automated quotation, execution and clearing systems as becoming the key to the growing internationalisation of markets, and he looked forward to the likely prospect of 24-hour trading.

Central licensing of life assurance and pensions salesmen proposed

BY ERIC SHORT

ANYONE wishing to sell life and pensions contracts to the public would need a licence issued by a central authority, under proposals revealed yesterday.

Salesmen offending against a code of conduct would face the risk of losing their licence and be banned from selling life assurance for a specific period.

A licensing consultative group comprising delegates from organisations involved in the life assurance marketing field has been considering the position. The licensing system proposals were outlined yesterday at a conference in London by Mr Norman Graham, general manager of General Accident Life and chairman of the group, and Mr Keith Bhumell, president of the Life Insurance System.

Under the scheme a person starting in life assurance sales would have to qualify for an initial licence following a training course. Such a person would be able to sell only under the direct supervision of a qualified salesmen holding a full licence.

The salesmen would be eligible for a full licence after

further training and testing and at least three months' sales experience. Applicants failing to qualify for a full licence within 18 months would lose the initial licence and be barred for a period from applying for a new one.

The licence system would test salesmen on their expertise in various life and pension products. They would also have to comply with a code of sales conduct designed to ensure ethical selling.

Government investor protection proposals envisaged that licensing authorisation should

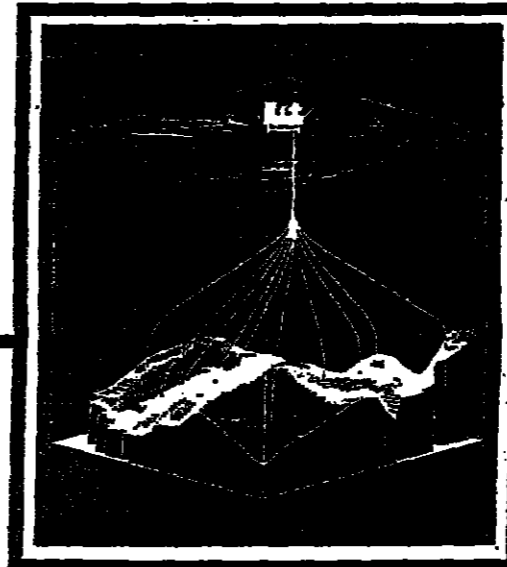
apply to institutions rather than to individuals. However, at Thursday's session of the conference Mr Mark Weinberg, chairman of the Marketing of Investments Board organising committee, which is responsible for pensions of pre-packaged investment assets, publicly acknowledged for the first time that, as far as life assurance was concerned, licensing had to operate on an individual basis.

Mr Graham and Mr Bhumell emphasised yesterday that licensing proposals would work only if given statutory backing and that recent discussions with

the organising committee implied that such backing would come under the Government's investor pensions legislation.

Salesmen would be trained by life companies, intermediaries or insurance educational institutions, but the test of competence would be carried out independently by a body such as the Chartered Insurance Institute.

A central registry would ensure that disbarred salesmen could not start again simply by moving to a different company or intermediary.



First half results from Britoil

| Consolidated Profit and Loss Account (Unaudited) | Six Months ended 30.6.85 \$ million | Six months ended 30.6.84 \$ million |
|--------------------------------------------------|-------------------------------------|-------------------------------------|
| Turnover | 968.1 | 645.9 |
| Operating profit | 364.1 | 282.1 |
| Net interest (payable)/receivable | 0.6 | (2.1) |
| Profit on ordinary activities before taxation | 364.7 | 280.0 |
| Taxation | | |
| Petroleum Revenue Tax | | |
| — excluding safeguard | (206.6) | (165.8) |
| — safeguard | 8.9 | 15.6 |
| Corporation Tax | (75.6) | (66.4) |
| Profit for the financial period | 91.4 | 63.4 |
| Dividends | (20.1) | (16.5) |
| Amount set aside to reserves | 71.3 | 46.9 |
| Earnings per share | 18.19p | 12.66p |
| Dividend per share | 4.00p | 3.30p |
| Funds generated from operations less tax paid | 257.8 | 290.5 |
| Additions to fixed assets | 330.9 | 269.9 |

DIVIDENDS

The Directors have decided to pay an interim dividend of 4.00p per share. Except in the case of the shares which are to be the subject of HM Government's proposed Offer for Sale, payment will be made on 1st October 1985 to shareholders on the register at the close of business on 2nd September 1985.

THE SIX MONTHS' HIGHLIGHTS

- * Turnover increases to \$968.1 million. Revenue from equity production at \$775.6 million is up \$143.7 million (23%) on the 1984 first half year. The remainder of the increase is due to sales of purchased petroleum at \$192.5 million (\$140 million in 1984).
- * Pre-tax profit increases to \$364.7 million, up \$84.7 million (30%) on the 1984 half year, and after-tax profit to \$91.4 million, up \$28.0 million (44%).
- * Oil production (including LPG and condensate) averages 178,300 barrels per day (157,800 barrels per day in the 1984 half year) and gas production 256 million cubic feet per day (226 million cubic feet per day in the 1984 half year).
- * Is acquiring interests in 23 UK landward licences, including the Hambley Grove oil field and the Hornsea and Hardford oil discoveries, and 3 UK offshore licences, including the Glen field, from Hudson Petroleum International plc.
- * Ramped in with an initial 16.5% interest to Tarmac operated block 3/4a and the option of a further 33.5% interest in a development. Interests in other blocks also acquired by firm-in.
- * As operator, commenced the assembly of the Clyde jacket and completed water injection drilling at the Beatrice 'C' site. First production achieved from the partner-operated Statford 'C' platform.
- * Maintained position as one of the most active UKCS explorers, involved in a total of 19 wells spudded. Awarded, with partners, 19 blocks in the Ninth Round.
- * Further expansion in the US giving Britoil close involvement with two more companies making four in total; an agreement signed with Eneport-McMoran Inc. to acquire a 25% interest in assets recently acquired by them from Midlands Energy Company; an agreement for a joint three year exploration programme signed with the Williams Exploration Company.
- * Other overseas activities continue to expand — licences awarded in Thailand (onshore near Bangkok), the Netherlands (offshore blocks E/15a, K/4b, K/5a and K/16) and Norway (offshore block 25/7). The Thai licence is Britoil's first Far Eastern operation.
- * Gas discovery made on Kangean block in Indonesia.

For a copy of the Interim Report please complete and return the coupon to the Company Secretary Britoil plc, 150 St Vincent Street, Glasgow G2 5JL. Existing shareholders will receive the Report shortly.

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Britoil

Energy at work for Britain

سلاوات الاصل

UK NEWS

June inflation held at 7% but July rise expected

BY PHILIP STEPHENS

THE ANNUAL inflation rate held steady at 7 per cent in June, but is expected to rise further this month before falling in the autumn.

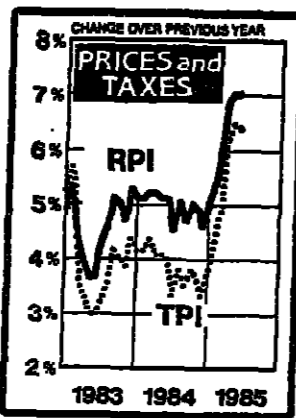
The Department of Employment said yesterday that the retail price index rose by 0.2 per cent last month, to leave the year-on-year rate of price increases unchanged.

In July, however, the annualised rise in the index may move above 7 per cent, largely because, in July 1984, prices fell.

Mr Tom King, the Employment Secretary, said the June rise was lowest monthly increase this year, and added that there were a number of favourable factors pointing to lower inflation later in the year.

The sharp rise in sterling's value during recent months has already been expressed in lower costs of raw materials and fuel. The competition from cheaper imports is expected to maintain downward pressure on prices charged by British companies.

Mr King said August would be a turning point in the overall trend of inflation. In that



month, the annual rate will benefit from the fact that the rise in mortgage rates last year will drop out of the year-on-year comparison.

Lower petrol prices and an expected fall in the cost of seasonal foods may also help to slow the pace of price rises in months to come.

Each reduction by 5p in petrol prices is estimated to reduce the retail price index by 0.1 per cent.

The Government's official forecast of annual inflation in the last quarter of this year is 5 per cent, although in recent speeches ministers have suggested that the rate could be slightly greater.

The Government's concern is to prevent the current upward shift from having an effect on wage awards in the autumn round of negotiations.

The Treasury has become more optimistic about the outlook for 1986, and expects annual price increases to be running slightly below its Budget forecast of 4 per cent.

The inflation rate, however, is still well above those in main competitor countries, with the latest figures for the U.S., Japan and West Germany 3.7, 1.5 and 2.5 per cent respectively.

The Department said that the retail price index stood at 376.4 in June (Jan 1974=100), compared to 375.6 in May. The tax and price index, which measures the effect of price and tax changes on incomes, was 191.7 in June (Jan 1978=100), 6.4 per cent higher than it was a year earlier.

Birmingham clears first Olympics hurdle

By Walter Ellis

BIRMINGHAM has been chosen as the official British applicant to host the 1992 Olympic Games, London had been the favourite, and a determined bid was staged by Manchester.

The National Exhibition Centre and firm plans to build a 70,000-seat "superbowl" were among the reasons given yesterday by the British Olympics Association for its choice.

Voting was strongly in Birmingham's favour. It received 25 votes against five for Manchester and two for London.

But while Birmingham has cleared the first hurdle, it has to compete against other cities, several of which are assembling their bids for longer.

Barcelona remains the narrow favourite, and stiff opposition can be expected from Paris, Amsterdam and Brisbane. New Delhi is an outsider but it coped well with the 1982 Asian Games.

A final decision on the location will not be taken until the autumn of next year, when the International Olympics Committee meets in Lausanne, Switzerland.

Birmingham's bid has been managed by Mr James Munn, a Scot, who has assembled backers, both private and municipal, in the expectation that substantial profits can be made, in the manner of Los Angeles in 1984. Television rights will be crucial to the deal. The Olympics has been essentially a television event for years, and the price paid for TV coverage should make the difference between financial success and failure.

The Defence Ministry is seeking about £400m more than is in its existing plans, partly to pay for salary rises for the armed forces.

A substantially greater amount is being sought by the Ministry of Agriculture, separate to the EEC budget, and by various employment and industrial support programmes.

The Treasury is keen to avoid too much talk at present about flexibility in its targets, because it wants to see how closely spending can be restricted to the £130bn, in what are expected to be very tough negotiations.

Only in the autumn will Mr Nigel Lawson, the Chancellor, begin to consider whether there is scope for a small upward adjustment in the public sector borrowing target for 1986 to 1987. This is likely to be dependent on the inflation prospects.

Also, only then will ministers begin to debate how far any leeway will apply solely on raising income tax thresholds, or whether a limited amount could be used for a reduction in the basic rate of income tax.

The European Community's Fourth Company Law Directive, on which that proposal was based, in fact allows small companies to prepare shortened accounts for shareholders. These must include a modified balance sheet, profit and loss account and directors' report.

However, it would still be possible to exempt small businesses from filing statutory audited accounts with the Registrar of Companies—an option which the Government is still considering.

Communication planning waiver

THE GOVERNMENT has introduced measures to exempt telecommunications operators from certain planning requirements. This follows a campaign by Mercury having run into problems with local authorities which objected to the erection of microwave towers.

The rules affect British Telecom, Mercury, Cellnet and Vodafone (the two cellular radio operators), and operators of local cable TV systems. The changes also will permit people to install small dish aerials—of less than 90 cm diameter.

New facility for Scots offshore industry

A big development for Scottish offshore industry and medicine has been announced by Mr Alick Buchanan-Smith, Energy Minister in Aberdeen.

The city's Hyperbaric Centre will help offshore companies penetrate deeper oil and gas fields in the North Sea and other waters and the centre's medical unit will provide an advance emergency service for injured divers and a base for medical research.

The £5m centre is jointly funded by the Aberdeen offshore service company, Seaforth Maritime, and the Scottish Development Agency.

Margaret Hughes on the planned Nationwide merger with Woolwich Partners weigh risks of a society wedding

AFTER KEEPING everyone in the building society industry on tenterhooks for 36 hours the Nationwide and the Woolwich formally announced their engagement yesterday.

And, as they both emphasised, it is very much an "intention" to marry. They have seen the problems of other societies which have or are attempting to merge and are anxious not to make the same mistakes.

The biggest casualty of the game to date has been the aborted merger of the Leeds Permanent, the fourth largest society, with the much smaller Leeds and Holbeck.

It was called off earlier this year after questioning by the Chief Registrar of Friendly Societies which revealed that they had not followed the correct voting procedures.

The proposed merger of the Alliance and Leicester societies, which until yesterday's announcement by the Nationwide and Woolwich would have been the largest merger in building society history, has been plagued by opposition by staff associations. Particularly in the early stages they felt that the merger had not been kept sufficiently informed by management.

The target date for the merger has been delayed from July 1 to October 1 and has still to be approved by the two societies' members, who are being lobbied by the Alliance staff association at least, to oppose it.

Nationwide and Woolwich say they have, therefore, been careful to discuss the merger with their respective staff associations and attribute the suspension of the preceding 48 hours to the need to do that.

Yesterday, the staff associations were adopting a neutral position, requesting additional



Leonard Williams and Alan McIntock: Prospective chairman and deputy chairman, respectively.

information from their management before making any public pronouncement.

There is little doubt that in many respects the societies are compatible partners. They have been operating similar policies for some time.

Both charge a flat rate for all mortgages, irrespective of their size, and except for a brief period when the Nationwide had a two-tier differential system, always have.

They both also pride themselves in offering cheaper overall mortgage rates than other societies. Their investment products are also broadly compatible and both have been reluctant players in the interest rate leap-frogging game.

Similarly, the two societies are heavily committed to their housing roles. Both operate separate housing associations, which are involved in the renewal of city centres and building sheltered homes for the elderly and lower income groups.

They are particularly keen, once they are given new powers under upcoming legislation, to own and develop land to provide rented property. It is in this technological area where the two societies make less happy bedfellows.

They have recently made substantial investments in different computer systems—the Nationwide in Univac and the Woolwich in IBM equipment. Yesterday, the two societies argued that by the time they were merged it would be necessary to replace their systems with second generation equipment.

They have also gone in different directions with their proposed cash dispenser (ATN) networks. Here again they use different equipment but more importantly they are members of different—and at least for the time being conflicting—ATN networks.

A further problem which they have to confront is that when and if the merger goes ahead

they will have the largest branch network of any building society. While the future chief executive, Mr Melville Ross, stressed yesterday that this need not necessarily mean that any of these will have to close, the scope for rationalisation is considerable if the new society is to live up to its aim of being efficiently run.

Both already claim a high level of efficiency with a management to expenditure ratio in the region of 1.13 per cent in the case of the Nationwide and lower still at 1.05 at the Woolwich. Both spoke yesterday of the advantages which they hope to achieve from economy of scale.

Another issue peculiar to building societies, as the National and Provincial is still finding out years after its merger, is that their members are not members in the corporate sense.

As in this case, two societies simply combine, or, alternatively, the business of one is transferred to another. The only payments which are made are by way of compensation to directors who retire early.

Only one of three general managers at the Nationwide is anywhere near the retirement age of 65—and even then he is six years away—while at the Woolwich they are all but one in their 40s. At board level both now operate a retirement age of 70 but both have two directors who are over that age who may now take early retirement. Of the remaining 11 the Woolwich has a further four who are around five years of the retirement age while the Nationwide has five of 12 in the same age bracket, including the chairman-designate of the new society Mr Leonard Williams, who is 65 against his deputy Mr McIntock, who is 60.

Cowgill in attack on IBA chiefs

By Raymond Snoddy

MR RICHARD DUNN, 41, the director of production at Thames Television was yesterday appointed managing director.

The decision followed the formal announcement that Mr Bryan Cowgill, managing director for eight years, was leaving as a result of the five-month row over Dallas, the soap opera.

Last night Mr Cowgill attacked Lord Thomson, chairman of the Independent Broadcasting Authority, and Mr John Whitney, IBA director-general, for what he saw as improper pressure on Thames to make it give back Dallas to the BBC.

Mr Cowgill, a former head of news and current affairs at the BBC, said he was concerned that the broadcasting hierarchy was second guessing the commercial decisions of programme makers.

"This time it's Dallas. What comes next, documentaries?" he asked.

He accused the IBA of threatening the future of Thames, the largest ITV company, unless the series was given back to the BBC and attacked secret meetings between the IBA and the BBC on the issue.

He said that he was leaving on a point of principle because of the IBA's interference in the Dallas row.

Mr Dunn joined Thames in 1978 as personal assistant to Mr Jeremy Isaacs, then programme controller and now chief executive of Channel 4.

It is not clear yet whether Dallas will go back to the BBC. Worldvision, the Dallas distributor, is insisting that the BBC pays the £60,000 (£43,000 an episode paid by Thames). The BBC is refusing to pay such an amount and the Thames board is believed to be against any suggestion that it should make up the difference.

Relph named head of film finance body

By Raymond Snoddy

MR SIMON RELPH, producer of the film Weatherby, is to become chief executive of the British Screen Finance Consortium.

The consortium is the private-sector successor to the National Film Finance Corporation, which was abolished this year by the Film Act.

It is made up of Channel 4, Thorn-EMI, Rank and the British Videogramme Association. It will have more than £3m a year available to provide part of the finance for six to ten low to medium-budget British films a year.

Mr Relph, now producing the film Comrades for Channel 4 and the NFCC, is expected to take up his new job towards the end of this year. It is believed that his salary will be more than £45,000.

There are still legal details to be sorted out in transferring NFCC assets to the consortium, which will probably not be ready to operate till near the end of the year. The first films could be chosen early next year.

The Government has committed £1.5m a year to the project for five years. Channel 4 and Thorn-EMI are contributing £300,000 a year, and Rank and the British Videogramme Association, which represents owners of video rights, £250,000 each.

A further £600,000 a year will come through the rights on the NFCC's portfolio of films.

Film-makers have welcomed the choice of Mr Relph, who is one himself.

Public expenditure to be held steady in real terms

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT plans to hold public expenditure steady in real terms, until at least the end of the decade.

The Cabinet, on Thursday, not only confirmed the existing spending targets for the next two years but also decided that expenditure in the new planning year, of 1988 to 1989, should be held broadly at the 1987-88 level in real terms.

This reflects the Treasury's view that, by steady expenditure, most of the financial benefits of economic growth can be used to support tax reductions.

The current expenditure plans and continuing economic expansion that is expected imply a reduction in public spending's proportion in national incomes from 43.5 per cent in 1984-85 to 39.5 per cent in 1987 to 1988—the lowest level for more than a decade.

This aim takes precedence over the particular cash planning figures which, if changed, it is necessary to change the £130bn target for 1988 to 1987 remains the focus of negotiations this summer and autumn.

The detailed breakdown of departmental bids shows that Environment, and Health and Social Security, account for a substantial part of the ad-

ditional £60bn being sought. The DHSS is seeking more than £1bn, largely to finance an increase this winter of Social Security payment, which is higher than expected.

The Defence Ministry is seeking about £400m more than is in its existing plans, partly to pay for salary rises for the armed forces.

A substantially greater amount is being sought by the Ministry of Agriculture, separate to the EEC budget, and by various employment and industrial support programmes.

The Treasury is keen to avoid too much talk at present about flexibility in its targets, because it wants to see how closely spending can be restricted to the £130bn, in what are expected to be very tough negotiations.

Only in the autumn will Mr Nigel Lawson, the Chancellor, begin to consider whether there is scope for a small upward adjustment in the public sector borrowing target for 1986 to 1987. This is likely to be dependent on the inflation prospects.

Also, only then will ministers begin to debate how far any leeway will apply solely on raising income tax thresholds, or whether a limited amount could be used for a reduction in the basic rate of income tax.

GLC by-election satisfies both Labour and Alliance

By Margaret Van Hattem, Political Correspondent

LABOUR and Alliance leaders appeared yesterday to be drawing equal satisfaction from the results of a Greater London Council by-election on Thursday—the Alliance because they won, Labour because they lost.

The by-election was in Vauxhall, a leafy suburb of London, where Labour's left-wing leader of Lambeth borough council, whose defiance of Labour Party policy on such issues as rate-capping and black sections have caused his party leaders no small embarrassment in recent months.

Mr Michael Tuffrey, the Liberal candidate, won the previously safe Labour seat with 4,600 votes, defeating Labour candidate Ms Lorna Boreland by 385 votes. The Tories did not contest the seat on the grounds that the council is to be abolished next year.

The seat covers about the same area as that of the former parliamentary seat of Lambeth Vauxhall, which Labour held with a majority of nearly 40 per cent in 1974 and nearly 20 per cent in 1979.

Mr David Steel, Liberal leader, was in no doubt yesterday as to the reasons for his party's success.

"Whatever gloss Mr Kinnock tries to put on his party's defeat, it shows clearly that the public has not been hoodwinked by his claims of unity and moderation," he said.

"The people of Vauxhall have given their verdict on the antics of their local Lambeth militant councillors."



David Steel: Public not hoodwinked by Labour

Labour officials yesterday appeared to agree that the result was a verdict on the leadership of the Lambeth council. However, they pointed out that, while Lambeth has, in contrast to what they consider Labour's satisfactory performance in other recent local government by-elections, such as that in Putney—also on Thursday night—where Labour held, in spite of another strong Alliance challenge, Labour now has a majority of two on the 92-strong GLC.

Cost of running parliament 'rising at twice the rate of inflation'

BY TOM LYNCH

THE COST of running the Houses of Parliament is rising at twice the rate of inflation, Mr John Biffen, Leader of the Commons, said yesterday.

He said during a debate on MPs' requirements for research assistance and information technology that the total cost of Parliament, excluding the pay of MPs and peers, had risen by 35 per cent to £48m in the four years to 1984-85, and the total cost of parliament had risen by 38 per cent in the same period. Public spending generally had risen by about 26 per cent in that period.

Mr Biffen said: "It is not a case of parliamentary squallor

and public affluence. Parliament is not cash limited, therefore there is a need for conscious self-restraint."

He made no definite response to a cross-party subcommittee report on information technology needs. However, he said that recasting the buildings—necessary for the replacement of the obsolete internal announcement system—would cost £5m. There would also be potentially substantial costs from adapting the Palace of Westminster.

The committee had suggested that cabling for computers could be done at the same time, to enable MPs to be provided

with terminals with capability for word processing, electronic mail and access to telex and various data bases. It urged the setting up of a pilot scheme involving 36 MPs.

Mr John McWilliam, Labour MP for Blaydon, who chaired the sub-committee, rejected Mr Biffen's caution about the amount of money available. He said enough had been agreed on a new Commons telephone switchboard to pay for the pilot computer project.

He told Mr Biffen: "What the Government is saying is 'We shall continue to be the executive and we are not going to give you the money to give

you the information technology that will enable you to scrutinise effectively'."

Mr Ian Lloyd, Tory member of the sub-committee, said £5m seemed a small price in relation to the importance of enabling parliament to function properly.

"We are in business, the business of government, which is the most important business in this land, and we will only discharge it with skill if we have all the tools we need to do the job," he said.

Mr Roger Gale, Tory MP for Thanet North, pointed to the word processors already used by the government and said MPs needed new technology to be

Hopes rise of mortgage rate cut

BY GEORGE GRAHAM

BUILDING SOCIETIES have begun to attract enough money from savers to meet mortgage demand, fuelling hopes that interest rates could fall by September.

In the first week of July, societies' net receipts topped £200m—more than half as much as they took in the whole of June.

Hopes of an immediate cut in mortgage interest rates were dampened, however, by the likelihood that net receipts would drop next month.

A significant improvement is likely in July," said Mr Richard Weir, secretary-general of the Building Societies Association, "but the usual effect of new car sales will depress receipts again in August."

If bank base rates fall next week, as many societies expect, discussion of a mortgage rate cut is not expected until receipts for the whole of July are known. "A reduction in rates is not too far away," said

Mr John Ellis of the Abbey National, the UK's second largest building society. He said a cut should be announced by September.

The Halifax, the largest society, said it was encouraged by the signals, but it warned that the inflow of funds since January had been very low and that interest rates paid to investors would have to remain competitive with the banks.

Building society net receipts in June were only £40m, significantly lower than the association's initial estimate of £450m, made 10 days ago. The figure is more than 50 per cent down on May's receipts and 57 per cent below June 1984.

The decline is accounted for partly by the second call for payments by British Telecom shareholders—the association estimates this made up £150m of the reduction—and partly by normal seasonal factors.

The association said it was

hard to attribute any of the reduction directly to the sale of shares in Abbey Life, the largest private flotation on the Stock Exchange to date.

The general level of interest rates remained virtually unchanged in June, but some societies made small improvements to their terms. The focus of competition has been on longer notice accounts and on larger investments.

A total of £2.12bn was lent to home-buyers in June, and a further £2.1bn promised to mortgage applicants. By the end of the month, societies were committed to lending £5.7bn.

Mortgage demand has declined slightly since May and is running at about 5 per cent below the level of a year ago. The association reports, however, that there are few instances of mortgage queues and that in general there is enough money available to meet demand.

The plan is at first to accommodate four research groups if expectations are not realised.

The institute will complement the activities of the MRC's Laboratory of Molecular Biology at Cambridge, where some key discoveries in medical treatment have been made.

The council is also strengthening the capability of its Clinical Research Centre at Harrow for putting these discoveries into medical practice.

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Warning on Japan's aim in finance

By Walter Ellis

JAPAN'S ambition to expand its financial markets sector so that it matches more closely the country's 20 per cent share of world trade may take longer to fulfil than has been supposed, Lord Camoys, chief executive designate of Barclays de Zoete Wedd, said yesterday in Hong Kong.

He told a conference of the British Invisible Exports Council that "Japan may find it more difficult to exercise her financial will than her industrial muscle."

Japanese investment houses seemed no further forward in their efforts to achieve banking recognition in the UK than they were five years ago.

Lord Camoys said: "The Japanese attitude demonstrates a refusal to accept the growing synergy between all sections of financial businesses." Integrated securities and banking operations are the coming thing. It is irrational that Japanese firms should be encouraged to take full advantage of the freedom of overseas markets while resolutely refusing to permit similar freedom to international firms to compete in Japanese markets."

There had, however, been encouraging signs that the Japanese authorities had got the message. One was the admission in June of nine foreign bank operating operations, including Barclays.

Lord Camoys said Japan is capable of becoming an exporter of financial services and has an immense and developing market on her doorstep in South-East Asia and Australasia from which to launch her drive upon global securities markets."

Greater energy saving urged to create jobs

By Maurice Samuelson

IMPROVEMENTS in the energy efficiency of buildings could create up to 150,000 jobs and save the UK about £6bn a year, says a report out yesterday.

The report by the Policy Studies Institute, is based on a survey of UK building stock which found that: only one in 10 homes has insulated cavity walls; one in two has adequate roof insulation; one in seven has windows and doors draught proofed; one in two has any room thermostat and only two in three has a time clock on its central heating system; and only one in four has double glazing.

The report praises the declared intention of Mr Peter Walker, Energy Secretary, to boost the UK's energy-saving performance and his condemnation of public complacency.

But it also sounds a critical note, saying that "reliance on market prices, combined with advice, exhortation and some small financial support are insufficient."

What is required, it says, is greater commitment to remove institutional obstacles and to the creation of an environment which favours energy saving.

Less Fuel, More Jobs, by Mayer Hillman and Alan Bolland, 92 pages (PFI 100, PFI Village East, London, NW1), £3.50.

July 13 1985

Clerical section of NUM in talks on independence

BY JOHN LLOYD AND HELEN HAGUE

THE National Union of Mineworkers was faced with the threat of further splits yesterday. Its white collar section, Cosa, began an exercise in membership consultation on its future, and a small group of pit winders in Staffordshire decided to explore links with the "independent" union in Nottinghamshire and Durham.

A meeting of Cosa's general council in Derby yesterday decided to call on the section's branches up and down the country to discuss their options in meetings over the next two months. These include independence for Cosa.

Mr Trevor Bell, Cosa general secretary, is to circulate a paper to his branches next week. This will outline the position since the new rule book was adopted by the NUM delegate meeting in Sheffield last week, and the resulting status of Cosa including its legal position.

A ballot of Cosa's 16,000 members is likely in September, on whether or not to remain in the NUM. There is little enthusiasm, however, for a close link with Nottinghamshire, but agreement on a loose federation is possible.

Mr Bell also assured his general council that the membership would be consulted on any future wage award, and on all future industrial action.

After the four-hour meeting, he said: "At present, we are asking our members to stay united within Cosa, and we shall then see whether further consultation is necessary. We are quite certain within our own minds that if our members want any other status, it will be as an independent organisation."

Hospital dispute to end

BY OUR LABOUR STAFF

THE 16-MONTH dispute at Barking Hospital, East London, will to all intents and purposes end next week when striking domestic staff call off their picket.

The 24-hour picket mounted almost entirely by women strikers made the dispute the most well-known of the health workers' unions' campaigns against the Government's contracting-out programme in the National Health Service.

However, their cause has seemed doomed since April when Redbridge Health Authority re-awarded the hospital's

domestic services contract to Crothall, part of Pritchard Services, for a further four years.

The dispute began in March of last year when 82 domestics walked out over cuts in hours and pay. Crothall, the employer, admitted that cutting take-home pay by as much as 30 per cent had been the only way to break even after reducing its tender price from £367,000 to £211,000 under the new open competition.

Picketing of Barking Hospital will end on Wednesday with a "mass" demonstration.

Bid to avert rail action

BY OUR LABOUR STAFF

TALKS AIMED at averting further disruption on British Rail's Southern Region are to be held next week between regional management and branch officials representing train drivers.

Over the past week, drivers have abandoned trains in mid-shift—often during rush hours—in protest at new rosters which have scheduled working on their rest days.

The drivers say that the strikes, which are unofficial, are the only weapon they have to draw management's attention to

the problem. They say that overtime on rest days—now cut down by the new rosters—is essential to produce a reasonable take home pay.

BR said last night that it hoped the new talks would avert disruption in the coming week, and pointed to the lack of action yesterday as a hopeful sign.

It said the new rosters were permitted under the existing union agreements. The stations affected have been Charing Cross, Victoria, London Bridge, Streatham Hill and Addiscombe.

Employers optimistic in spite of Joseph stand on teachers' pay

BY DAVID BRINDLE, LABOUR STAFF

THE GOVERNMENT will make no further concessions to help fund a pay deal giving teachers a cumulative rise of at least 7.5 per cent by next spring, Sir Keith Joseph, Education Secretary, told employers' leaders yesterday.

The minister's re-statement of the Government position is, however, unlikely to prove an insuperable obstacle to the pay package which, employers believe, could form the basis of a settlement of the five-month schools dispute.

More serious is the attitude of the National Union of Teachers, the largest union involved. Reacting to the employers' claim that the package could give some lower-paid teachers as much as 11 per cent by the end of the current pay year on March 31, the NUT yesterday poured cold water on speculation of a settlement.

Mr Fred Jarvis, the general secretary, said: "Even when the figures are dressed up, the increases the employers are canvassing fall far short of the amounts necessary to make a serious start in the restoration of the erosion of teachers' pay levels."

The package was tabled infor-

mally late on Thursday night at the end of day-long pay talks in the Burnham Committee. In spite of Mr Jarvis's caution, the unions have acknowledged that the proposals represent progress and are considering them before Burnham resumes next Tuesday.

The proposals are based on a salary increase of 5 per cent or £480, whichever is the greater, backdated to the settlement date of April 1.

Of the 440,000 teachers, about 350,000—those on the bottom two of the five pay scales—would receive the flat-rate £480 rise. This would give the lowest-paid teachers immediate increases of up to 8 per cent.

The cost is put by the employers at 5.4 per cent of the salaries bill, and, the unions point out, it is the only guaranteed money.

The second element would be a further rise of 1 per cent (of pre-April pay levels) for all teachers from November 1. There would be merger of the bottom two pay scales, with effect from September 1.

The final element of the package would be a further percentage rise from March 1, having



Two in dispute: Sir Keith Joseph (left), Education Secretary, and Mr Fred Jarvis, general secretary of NUT.

effect for only the last month of the pay year but taking the cumulative pay increase, or above, the 7.5 per cent figure which has come to be regarded as the unions' "bottom line."

The second and third instalments would be conditional on the unions agreeing by October 8 to a statement of agreement in principle on a new teacher contract.

Sir Keith has won Cabinet approval for extra funds, thought to be worth 2.5 per cent of the pay bill, for teachers' pay in 1986-87 if agreement on an acceptable contract can be reached by October. After that time, he says, the rate support

grant paid to the 104 education authorities cannot be adjusted.

The employers regard the fact that the unions did not on Thursday reject their proposal for concurrent talks in separate committees on the pay and conditions aspects of a new contract as perhaps the most significant breakthrough in the talks.

The official line of the Labour-led employers is that the package stands or falls on the Government's willingness to contribute more funds towards its cost of about 6 per cent this year and to ease authorities' grant penalties in 1986-87 to facilitate the "end-loading" of a further 1.5 per cent.

In this sense, Sir Keith's reaction yesterday would seem to undermine the package. He told the employers at a meeting arranged by Mr Giles Radice, Labour's education spokesman, that the Government would do nothing more to assist them over and above the standing offer of extra funds for 1986-87 on the basis of a new contract.

Privately, the employers expected nothing more and are anyway banking on the Govern-

ment fulfilling the widely expressed prophecy that it will abolish the existing grant penalties system next year.

Significantly, Mr John Pearson, acting leader of the employers, said after the meeting with Sir Keith that he was still optimistic of settling both the teachers' dispute on Tuesday and the college lecturers' dispute the previous day.

Others are less sanguine. The NUT remains instinctively averse to negotiations on a new contract that would involve a trade-off between pay and conditions. The union's rules make it unlikely that a conference to approve a pay deal could be held before late September.

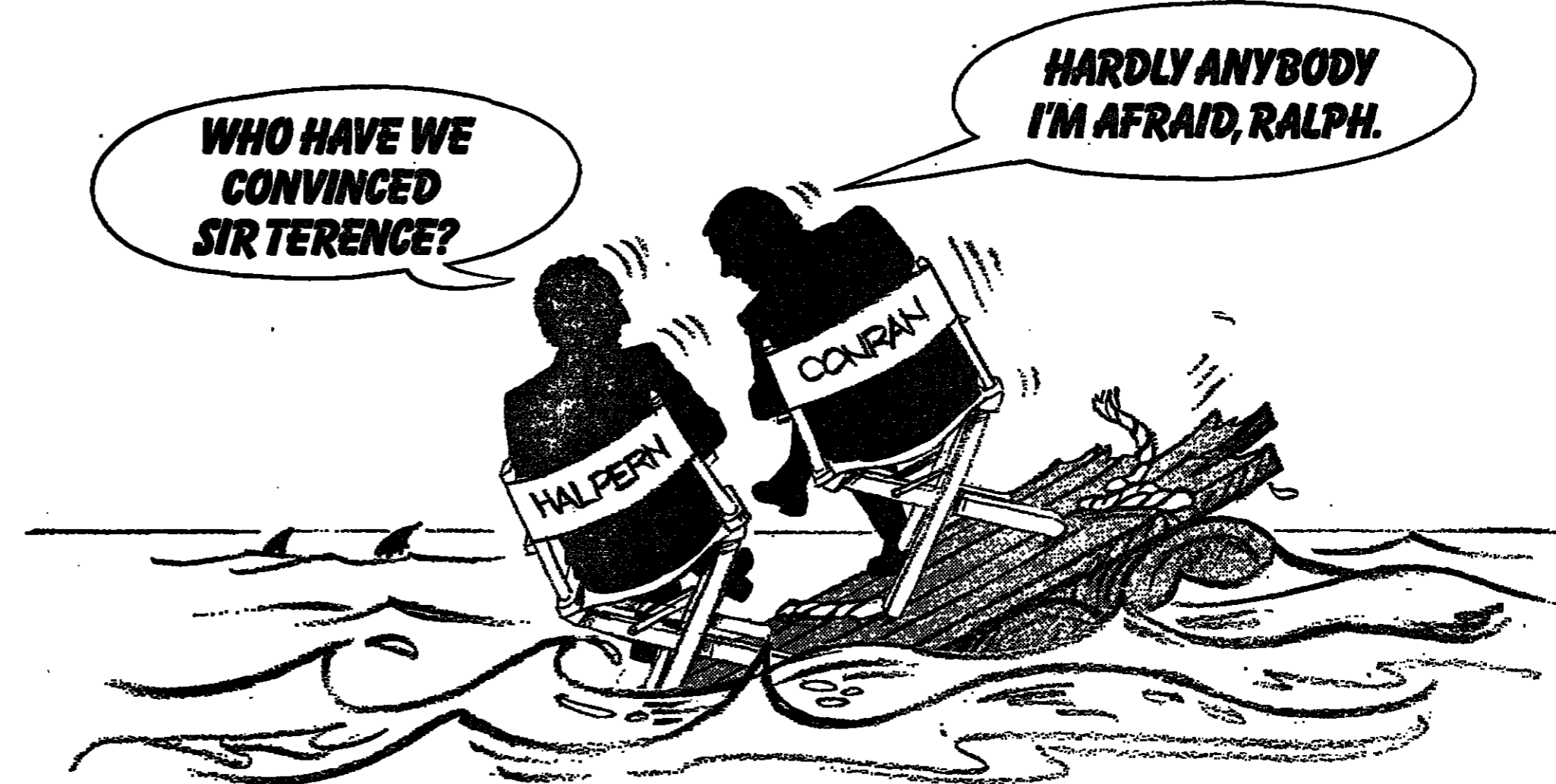
The head teachers' associations, which yesterday petitioned Sir Keith for independent pay talks in future, fear that the flat-rate element of the offer would seriously erode their pay differentials.

Education Department officials believe the employers are getting carried away at the prospect of settling both disputes before the summer holidays.

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WHO HAVE WE
CONVINCED
SIR TERENCE?

HARDLY ANYBODY
I'M AFRAID, RALPH.



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Saturday July 13 1985

A case of confusion

THE MOST significant development for the UK economy this week was undoubtedly the sharp fall of the U.S. dollar against all the main currencies. If U.S. economic statistics continue to confirm a softening of the economy, the dollar's slide is likely to continue.

Since many experts estimate the dollar is up to 40 per cent overvalued, it could fall a long way—although the speed of the decline and the number of temporary rallies are anybody's guess.

But if the dollar's slide was the most important event of the week, it was certainly not the most interesting. That prize must go to what can only be described as the interest rate cut that wasn't.

British monetary policy has been enveloped in clouds of confusion for months but yesterday it descended almost to the levels of soap opera.

On Thursday, the Bank of England, having received the customary instructions from the Treasury, cut its money market dealing rates to signal to clearing banks that base lending rates should come down half a percentage point.

Citibank, a new boy in the British clearing system, dutifully obliged, but the clearing banks, even by yesterday's close, had not.

An interest rate cut is still expected on Monday but the longer the delay the greater the risk of a slip between cup and lip: conceivably some bearish news for sterling over the weekend—another oil price scare perhaps—could snatch away the prospect of even slightly cheaper money in the UK.

Officials are doubtless irritated by the delay. It is true that ministers once argued that markets rather than politicians should determine the level of interest rates. But that was several years and many twists in monetary policy ago.

"Middle way"

The confusion over interest rates is not an isolated event. Perhaps it is the mid-summer heat, but there seems to be an unnatural number of squabbles over economic policy.

The frostiness between the Bank and the commercial banks over interest rates follows hard on the heels of the Treasury's earlier public quarrel with the Confederation of British Industry over the exchange rate, cost of money and level of pay awards. Also, in the wake of the Brexton and Radnor by-election defeat, the battle between Cabinet "consolidators" and "radicals" is heating up.

The decision to delay to the autumn any serious discussion of public spending looks at best like a holding operation on the part of the radicals.

This impression is strengthened by the new softer line of the Prime Minister and the Chancellor. A year ago Mr Nigel

Lawson was comparing unemployment with crime as social problems about which governments could do very little. The idea that higher borrowing or public spending could help in any way was uncompromisingly ruled out.

Now Mr Lawson talks of the "middle way"—although he has denied no less than three times that any sort of gradual U-turn is taking place.

In the Commons this week, Mr Neil Kinnock, the Labour Leader, was able to make the Prime Minister distinctly uncomfortable by demanding to know whether she was proud or ashamed of the 15 per cent rise in public spending since 1979.

But perhaps the clearest evidence that the radicals are running scared came with the Cabinet's refusal to allow Sir Keith Joseph, Education Secretary, to publish his discussion paper advocating loans for students as a partial replacement for grants.

Arguments

This comes all too soon after the decision not to legislate next session for even a modest loosening of rent controls.

The Government ought not to be inhibited from contemplating such obvious economic reforms; there is little evidence that radical measures of this sort, coupled with appropriate social policies, would be unpopular with the electorate as a whole.

At the mid-term of this parliament, the Government can take credit for some solid economic achievements—steady economic growth since 1981 and much better control of inflation than in the 1970s.

On the other hand, some of the intellectual baggage it brought with it in 1979 is looking distinctly dated. The public sector borrowing requirement is increasingly criticised as an effective measure of the fiscal stance—notably by Mr Roy Hattersley, the Shadow Chancellor, in an interesting speech yesterday—while the gyrations of sterling M3, originally the favoured measure of money supply, have brought monetary and interest rate policy into dispute, if not disrepute.

The Social Democrats are about to unveil tax reform plans which have a greater overall coherence than anything yet proposed by the Chancellor. All these challenges, coupled with the difficulties of managing a medium-sized open economy in the turbulent 1980s, could encourage the Cabinet to adopt the bunker mentality favoured by the consolidators.

The hope instead must be that the radicals will gather their wits during the parliamentary summer recess, refashion old policies to meet new needs, and not shy from common sense microeconomic reforms on the altered grounds of their electoral unpopularity.

Mr Don Keough, Coca-Cola

U.S. SOFT DRINKS INDUSTRY

How Coke swallowed its pride

By William Hall and Paul Taylor in New York

Coca-Cola's decision three months ago to tinker with the taste of the world's most famous soft drink could go down as one of the great marketing fiascos of all time.

This week the \$7.5bn consumer product giant admitted it had blundered. After angry telephone calls, telegrams and letters from "Coke loyalists" had deluged its Atlanta, Georgia, headquarters, Coca-Cola bowed to the groundswell of protest which had swept across America—and reintroduced the old formula under the new Coca-Cola Classic label.

Mr Roberto C. Goizueta, the 53-year-old Cuban born chairman of Coca-Cola, concedes that when on April 23 the company changed the taste of Brand Coke for the first time in 99 years, "We had no intention of bringing back the old formula." At that stage a beaming Mr Goizueta had told a flashy New York launch gathering "the best has been made even better."

But a more sombre Coke chairman now observes: "The simple truth is that while we knew there would be some concern, we did not expect the broad base of interest and the consumer pressure." Coca-Cola's traditionally conservative senior management had found to its horror that a very sizeable segment of Coke drinkers, particularly in its southern U.S. heartland, had rejected the new drink.

The new sweeter tasting Coca-Cola, as far as they were concerned, was no longer the "real thing," the company's enormous worldwide customer base was no longer "singing in harmony."

An estimated 150m people in the U.S. and Canada have supplanted the new Brand Coke since its launch. But according to one survey reported by Advertising Age, the leading U.S. marketing magazine, 59 per cent said the original version tasted better while only 13 per cent liked the new taste. The rest preferred the offering of arch-rival Pepsi-Cola.

Up and down the country die-hard Coke drinkers let the management know their feelings. They set up protest groups and threatened to sue the company. Some hoarded the old product, others sold the original Coke at black-market prices and entrepreneurs shipped short supplies across the nation.

A few even considered going overseas in search of the fizzy brown liquid first brewed up by a patent medicine salesman called Dr John Pemberton in 1886.

Gay Mullins, a retired hotel owner in Seattle, won instant fame by forming a dissident group, the Old Cola Drinkers of America, to try to force the company to reconsider its decision to consign the original Coke formula to a steel vault in the bowels of the Trust Company of Georgia.

Mr Don Keough, Coca-Cola



TOP U.S. SOFT DRINKS

| MARKET SHARE % | | 1983 | 1984 |
|----------------|--------------|------|------|
| Brand | Manufacturer | | |
| Coke | Coca-Cola | 24.8 | 21.7 |
| Pepsi | PepsiCo | 18.1 | 18.8 |
| Diet Coke | Coca-Cola | 4.1 | 5.4 |
| 7-Up | Seven-Up | 5.4 | 5.1 |
| Dr Pepper | Dr Pepper | 2.8 | 3.6 |
| Sprite | Coca-Cola | 2.2 | 3.0 |
| Diet Pepsi | PepsiCo | 2.7 | 2.9 |
| Mountain Dew | PepsiCo | 1.5 | 2.0 |
| Pepsi Free | PepsiCo | 1.3 | 1.8 |
| Diet 7-Up | Seven-Up | | |

Sources: Beverage Digest & Industry estimates

MARKET SHARE OF TOP FIVE MANUFACTURERS

| (1976-1984) | | 1979 | 1981 | 1984 |
|----------------------|-------|-------|-------|-------|
| 1976 | % | % | % | % |
| Coca-Cola | 32.7 | 36.9 | 37.1 | 39.2 |
| Pepsi-Cola | 22.4 | 25.8 | 26.7 | 27.4 |
| Seven-Up | 7.4 | 6.7 | 6.4 | 7.2 |
| Dr Pepper-Canada Dry | 9.7 | 10.2 | 10.6 | 9.5 |
| Royal Crown Cola | 5.5 | 4.5 | 4.2 | 3.3 |
| Others | 18.3 | 15.9 | 15.0 | 13.4 |
| Total industry | 100.0 | 100.0 | 100.0 | 100.0 |

Source: Oppenheimer & Co

president, describes the consumer response as a "humbling lesson" which Harvard Business School professors will probably spend years examining.

"It is a wonderful American mystery. It's a lovely enigma and you can't measure it any more than you can measure love, patriotism or pride," he says.

The deep-rooted emotions which Coke loyalists expressed in thousands of letters appear to have been a major factor in Coca-Cola's stunning about-face.

A nurse told Coca-Cola that the drink had been her lifeline. She even drank it to cure morning sickness when she was pregnant. One abusive letter read: "Changing Coke is like God making the grass purple, putting toes on our ears or teeth on our knees."

Among the most emotionally charged letters was one from a California woman who likened changing the recipe to "burning the flag in our front yard." Another patriot wrote: "Coke has always been like apple pie and Mom, something you could count on. I am glad the person who came up with the idea was not around when the Mona Lisa was painted. He probably would have said her smile was not big enough."

The company's climb down—approved at a board meeting on Monday—brought an equally amazing response. ABC, one of the three U.S. television networks, felt the news sufficiently significant to break into "General Hospital," one of America's most widely-watched soap operas.

In the Senate, a quorum call was interrupted by a Senator from Arkansas who insisted on reading the wire service story on the change of heart into the Congressional record for posterity.

The Coca-Cola switchboard, which had to be staffed up to handle upwards of 1,500 protest calls a day since the old formula was scrapped, was suddenly deluged with calls of a different nature. Within a

matter of hours, 15,600 congratulatory calls had been received.

But at the New York headquarters of Coke's deadly competitor, Pepsi-Cola, the news was greeted with derision. The company, which took out full-page newspaper advertisements when Coke announced its new taste, boasting that "after 87 years of going at it eyeball to eyeball, the other guy just blinked," declared another victory.

At a press conference the next day, Pepsi-Cola USA's crowing 40-year old chairman, Mr Roger Enrico, declared: "Consumers across the country have clearly voted New Coke the Edsel of the '80s and have reconfirmed that Pepsi-Cola is the real gold standard for soft drinks in the United States."

Like Ford's infamous Edsel car, Mr Enrico claimed New Coke had been an unmitigated marketing flop. "This is the most graceful way Coca-Cola could find to back away from what has been a disaster for them in the market place," he says. In a sly jibe at Coca-Cola's

harassed executives, he suggested they borrow the slogan of the much-smaller rival Dr Pepper company which sells its product as "the most misunderstood soft drink."

Although new Brand Coke shipments in the first month rose by 8 per cent, or twice as fast as normal, Coca-Cola admitted that the volume of its new drink the following month only matched that of a year earlier and generally fell far short of the company's expectations.

But Coca-Cola executives are far from ready to concede defeat in the riskiest market gamble in the company's long history. They insist that the company, and its 500 bottlers across the States, remain deeply committed to the "flagship" Brand Coke, which will be marketed along with Coca-Cola Classic, and say plans for the international "roll-out" of the new formula Coke this autumn will not be affected.

They deny they are "trying to camouflage a failure" and insist that they are simply providing customers with "another op-

HOW THE "REAL THING" BECAME A CLASSIC

April 23, Coca-Cola stuns the world by announcing a new sweeter tasting coke—the first major change in 99 years. Arch-rival Pepsi-Cola says Coca-Cola's move proves it is winning the taste battle and declares a one-day holiday for its employees.

My 8, Cases of the original Coca-Cola are selling for up to \$30.

May 28, Gay Mullins sets up Old Cola Drinkers of America. Early June, Coca-Cola is swamped by protest calls; asks switchboard workers to put in overtime on a New Coke hotline.

Mid-June, Coke claims its new flagship brand is a success but concedes it is receiving 1,500 protest telephone calls a day.

July 1, Advertising Age Survey reveals that only 13 per cent of those who have tasted the new Coke prefer it.

Monday, July 8, Coca-Cola secretly decides to reintroduce the old Coke under the Coca-Cola Classic name.

Wednesday, July 10, Coca-Cola's share price hits a new 12-year high after the company sets a press conference to announce oca-Cola Classic.

Man in the News

Francisco Labastida

Mexico's oil man on the spot...

By David Gardner in Mexico City



WHEN MEXICO finally lost patience with Opec this week, it was a particularly hard blow for Sr Francisco Labastida Ochoa, the Energy, Mining and Public Sector Industry Minister.

Through the tone of the carefully-worded communiqué signalling the break was very much of the more-in-sorrow-than-in-anger genre, it leaves little doubt that the strategy of alignment with the ramshackle oil cartel, pursued in the interests of price stability, now lies in ruins.

Oil in Mexico is almost a synonym for national sovereignty. It currently provides 70 per cent of export revenue and 45 per cent of Treasury receipts. But ironically most of this revenue goes towards the debt service bill on the \$96bn foreign debt.

The turn away from Opec (of which Mexico, of course, has never been a member) cannot be construed otherwise than as a blow to Sr Labastida's prestige. As the main standard bearer of the alignment strategy followed over the past 18 months, albeit with strong backing from the Foreign Ministry, he appears to have got the worst of the policy debate with the more market-oriented faction of President Miguel de la Madrid's administration, which includes the President himself (who also has to arbitrate), the Treasury, the Bank of Mexico and Pemex, the state oil monopoly.

"Opec, it seems, has not got very much to offer Mexico," a Labastida aide and hitherto vigorous proponent of the alignment strategy said 10 days ago.

Disenchantment has grown steadily since February, when Mexico answered the \$1 cut in Opec's Arabian light marker crude with a \$1.25 reduction in its own Isthmus light. Sr Labastida was infuriated by suggestions that this was an attempt to undercut Opec and on returning from that month's meeting in Geneva gave a series of interviews to foreign news agencies expressly to rebut them.

Sr Labastida's ministry, for which the Spanish acronym is Semip, has argued in essence that temporary market weaknesses cannot be allowed to interfere with the grand design, of pre-set, Opec-related pricing and sales exclusively to term customers.

His opponents, and in particular Sr Mario Ramon Beteta, the Pemex chairman, have argued for a radical turn towards the market—even Western diplomats contend, to the extent of occasional sales on the spot market, the ultimate heresy among Mexican oil politicians.

The marketeers' tactics have been expensive for the country: instead of pressing home their argument they appear to have been content to let the market

win it for them. Of the \$900m Mexico is estimated to have lost in oil revenues in the first half, about a third is because of price cuts and two-thirds the result of impatient clients delaying liftings.

Yet Mexican politics is never quite so clean-cut. It is entirely characteristic, for example, that this week's communiqué announcing the package should be printed under the letterhead of Semip, which is energy overlord, but delivered in a Pemex envelope (it is also characteristic that this should be followed by a particularly banal Pemex handout describing the paternal conversation of Sr Beteta—a man reliably reported

to have presidential ambitions—had with a group of 40 primary school children at a provincial refinery school the next day).

Despite the emphasis on the need to accommodate oil-market conditions, Semip this week used the opportunity of the new pricing package forcibly to restate most of the traditional premises of Mexican oil policy.

Though the balance has shifted inside the oil policy debate, both Sr Labastida and Sr Beteta are vulnerable outside it. Sr Labastida's ministry is responsible for 52 public sector companies where large spending overshoots have swelled the

increasingly intractable public deficit. By contrast, Sr Beteta has achieved an astonishing financial turnaround at Pemex, which neither he nor his aides have yet been prepared to explain. One of his predecessors, Sr Jorge Diaz Serrano, is currently in jail awaiting trial on embezzlement charges.

Sr Beteta, meanwhile, made himself look grossly insensitive at the time of November's Pemex gas plant blast in Mexico City, which probably killed at least 400 people. He said publicly, even before the fire was out, that Pemex was also a victim of the explosion and would seek legal redress from whoever was found to be responsible. Nobody has so far.

The differences in the two men's backgrounds are reflected elsewhere in the Cabinet, and in its differences, particularly over trade and foreign investment policy. Sr Labastida's was at the traditionally statist Planning Ministry before Semip and educated at a Chilean institution associated with the import substitution model fostered by the UN Economic Commission on Latin America (Cepal).

Sr Beteta, like Sr de la Madrid whose boss he once was, Sr Jesus Silva Herzog, the Treasury Minister, and Sr Miguel Mancera, the Bank of Mexico chief, are all part of an extremely influential Central Bank-trained group of orthodox but pragmatic economists. All studied at Yale except Sr de la Madrid, who went to Harvard.

It is rarely clear, at least not for long, which faction is in the ascendant. But the oil price crisis has been handled with greater dexterity than the 1981 fiasco. Two-thirds of sales volume was lost in July of that year (a revenue loss for the year of around \$8bn) as Mexico cut its prices, then sacked the head of Pemex for doing so, put them up again, and was then forced by the market to cut once more.

This time, a plausibly united front has been presented to the world and the rot was stopped when the volume loss for June had reached less than half of targeted sales.

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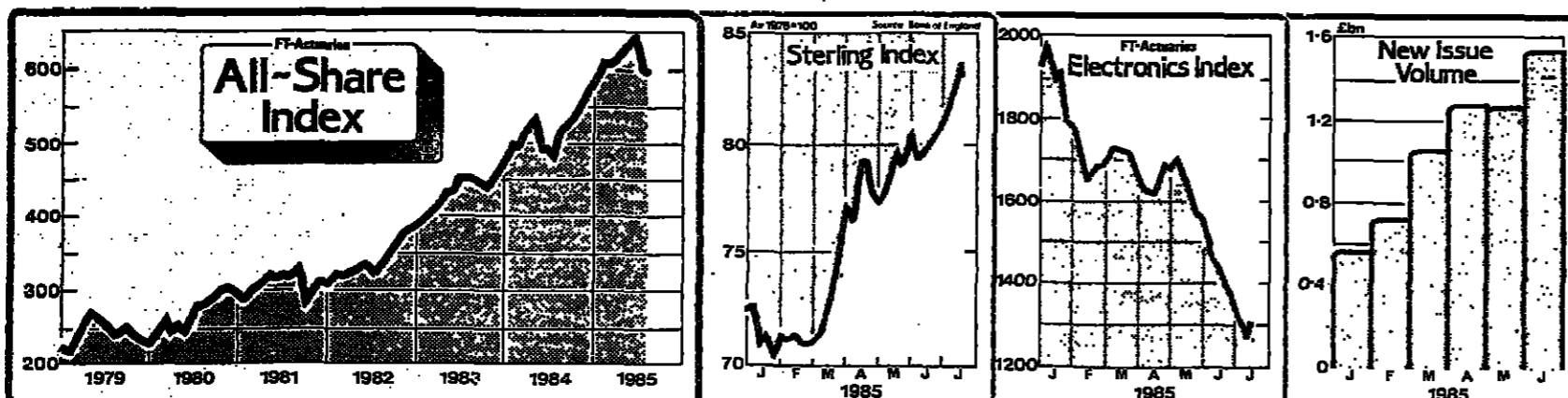
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UK EQUITIES



Why the market has been in retreat

By John Makinson

IT HAS been a miserable market. Since June 5, when the FT All-Share Index struck a new high of 644, London's listed companies have shed more than 7 per cent of their paper value. In one of the sharpest and most sustained setbacks since 1975, the Index has surrendered virtually all the gains made in the first five months of the year.

In the last two days the market has regained, if not its former equilibrium, the Stock Exchange's price display screens, which have been a mass of red almost every morning for the past month, were yesterday showing a more cheerful combination of red and blue. Stock market analysts have emerged from their bunkers to declare that the fall may be nothing more than a temporary interruption of London's 10-year-old bull market. Corrections of this kind have been seen before—in the summer of 1979, the autumn of 1981 and the spring of 1984.

Whether the record books eventually interpret the past month's fall as an overdue correction or as the harbinger of a bear market, there is at least a firm consensus about what went wrong. Three themes stand out.

● **Electronics.** It was the shake-out in this sector which turned the market sour in early June. Bad news had been trickling out of the industry for at least a year, as evidence accumulated that British Telecom was taking a tougher line with its suppliers and that the Ministry of Defence was becoming more covetous of the high profits it was handing out in its contracts. Rascal, Plessey and STC all emerged with disappointing announcements.

But the renewed fall in early June was altogether more deep-seated. The market began to worry that the industry would simply not adjust to the rapid structural changes in computers, telecommunications and semi-conductors.

The market's worst fears were subsequently borne out by a series of depressing profit statements—from Rascal and GEO—and by even more lugubrious forecasts from STC and Thorn EMI. The message from the electronics industry rapidly infected the rest of the market. If electronics was finding it hard to keep up with the international competition, then perhaps the same would be true of other sectors of the manufacturing economy. Mr George Dennis, director of securities investment at Postel, counts among the pessimists: "Structural change is taking place so rapidly that we cannot get economies of scale in this country. The market has not yet discounted the full extent of the problem."

● **New issues.** The selling sparked off by electronics coincided with an unprecedented volume of new equity issues. The London market has been apprehensive throughout the year about the number of companies seeking to raise fresh equity capital. Even in early June, it looked likely that the combined requirements of the Government and the private sector would amount to as much as £50bn, roughly £2½bn more than the institutions would normally commit to new equity.

But no one had expected that June would be such a heavy month. On June 10 Hanson Trust announced that it was seeking just over £500m

in a combination of equity and convertible preference shares. Simultaneously, Abbey Life was raising £242m through an offer for sale and the Government was sending out reminders that £1.2bn was due as the second payment for British Telecom shares. Taken together with several smaller issues, it was simply too much. The selling accelerated and the Hanson rights issue flopped.

● **Sterling.** During the first five months of the year the market had been supported by widespread confidence that corporate profits—while not matching those of 1984—would grow strongly enough this year to justify average dividend increases of 12 per cent or more. On June 12 that confidence was badly shaken by results from a single company—Beecham. Analysts had failed to appreciate the dramatic effect which sterling's appreciation in the second fortnight of March would have on Beecham's full-year results. The profits statement disappointed, the Beecham share price fell 7.4 per cent in a day and the analysts went back to the drawing board.

Worries about the effect of exchange rate movements on this year's earnings have not been allayed by the subsequent rise of the pound against both the dollar and the European currencies. Sterling has appreciated by almost 15 per cent against the D-mark since January while it is no more

than a few months since it was threatening to reach parity with the dollar. This week the pound briefly touched \$1.40.

According to Mr Kenneth Inglis, the equity market strategist at stockbrokers Phillips and Drew, roughly 40 per cent of the profits of the Industrial Group of the All-Share Index are earned overseas and a further 10 per cent come from UK exports. A one percentage point change in the overall value of sterling affects corporate profits by three-quarters of a percentage point, he reckons.

So forecasts of 1985 profits are now being cut. Some brokers expect that industrial companies will report growth of only 10 to 12 per cent at the pre-tax level this year, compared with earlier expectations of around 15 per cent.

The dollar's fall has hit all the European stock markets. The West German market, as measured by the FAZ Index, fell 8.2 per cent in the first three days of this week. But the UK has a particular problem. The effect of a strong pound is traditionally offset to some degree by a lower cost of sterling borrowing. At the moment, however, the Treasury appears reluctant to let interest rates fall for fear that money supply growth will accelerate further and jeopardise the attempt to reduce inflation.

In the eyes of the market (and the CBI for that matter),

industry is caught in a pincer between the highest real interest rates of any leading economy and an exceptionally strong currency. And, to make matters worse, the high level of the pound is reducing the sterling value of the Government's oil revenues and so making it more difficult for the Treasury to cut personal taxes and stimulate consumer spending.

Where does the market go from here? The optimists believe that the correction of the past month has already been overdone. Trading, they point out, has been extremely thin and only light selling pressure has been enough to cause a sharp fall in individual equity prices. The bulls also consider that the market was looking very vulnerable five weeks ago and is now on a more solid footing. Mr Adrian Fitzgerald, UK equity market strategist at stockbrokers Wood Mackenzie, is far from gloomy: "Everything we look at suggests that the market is in reasonable equilibrium. We're more positive than we have been for some time."

Even allowing for the downgrading of 1985 profit forecasts, the market is not trading on an extravagant rating. It has already adjusted, Mr Fitzgerald argues, to the slow-down in profits growth and is now offering attractive yields relative to all-secured. Moreover, the pressure from new issues is likely to weaken considerably over the next few months.

The pessimists, however, claim that the market is being short-sighted. They argue that it has not yet woken up to the implications of the fall from grace in electronics and has not yet discounted the effect of a sustained slow-down in the U.S. economy. And the message of the Brecon and Radnor by-election has not been fully digested. The possibility that the Government will lose the next general election has, in the view of the bears, scarcely been considered.

Independent local radio

'It's not like running a football club'

By Raymond Snoddy

COMMERCIAL radio in Britain is facing a period of major change. The problems have been highlighted recently in several ways. In April the Gwent ILR station in Newport became the second commercial radio station to go off the air after running out of funds.

About a dozen of the 48 stations in the system are either trading at a loss or making no appreciable profits. Advertising revenue fell by 4.9 per cent to £43.5m in the months from October to May. Expansion of the system has ground to a halt 20 stations short of the number envisaged by the Government.

Areas that once were to have their own stations are being taken on to existing franchises on condition the operator can pay for the transmitters in advance.

On Thursday, Mr Leon Brittan, the Home Secretary, added to the uncertainty facing local commercial radio in the UK when he announced his intention to go ahead with about 20 experimental community radio stations to test the feasibility of a new "third tier" of radio.

A Green Paper is to be published next summer on the implications of introducing new stations which will broadcast to limited local geographical areas, specialist interests or communities of interest such as ethnic minorities.

"The development of community radio raises a number of important broadcasting policy issues and may in addition have implications for our existing radio services," Mr Brittan emphasises.

ILR representatives believe the move raises so many policy issues that an urgent inquiry is needed into the future of radio over the next 15 or 20 years.

"Our monopoly is going. What we have said all along is

that the radio world is going to change whether we like it or not. For God's sake can we plan the change?" asked Mr Brian West, director of the Association of Independent Radio Contractors (AIRC) which represents the ILR stations.

The AIRC wants an inquiry to consider what is the best regulatory structure for the future of radio and reform of what they see as many unnecessarily restrictive clauses in the 1981 Broadcasting Act.

So far the Government has not completely ruled out a wide-ranging radio inquiry. But it believes that the Green Paper consultations and the Peace Committee, which is looking at alternative methods of financing the BBC and implications for other media, will be as effective as a formal inquiry.

The main fear of the ILR stations is that they will face unfair competition for limited advertising from small community stations with few of their fixed costs.

Apart from having to pay "the highest music copyright fees in the world" the ILR stations pay between £6.5m and £7m to the Independent Broadcasting Authority each year—about 9 per cent of revenues—for everything from regulatory programme standards to transmitter rental.

"We must get the cost of regulation down," Mr West believes.

The ILR stations also want greater flexibility on their programme schedules.

The news from ILR is, however, not all bleak. Listening levels appear to be recovering after a serious slide in 1984. The weekly "reach"—people who listen at least once a week—to a night of 82 per cent of the potential audience during the Falklands War. The figure fell to 44 per cent in 1983 and 42 per cent the following year.

The stations also hope that modest signs of an improvement in television advertising revenues will feed through to commercial radio.

One answer to the problems of ILR can be found in a once derelict church in Preston Lancs, bought for £35,000 and now the headquarters of Red Rose Radio.

Red Rose, which has been profitable virtually since going on the air in 1982, made a profit of more than £200,000 last year.

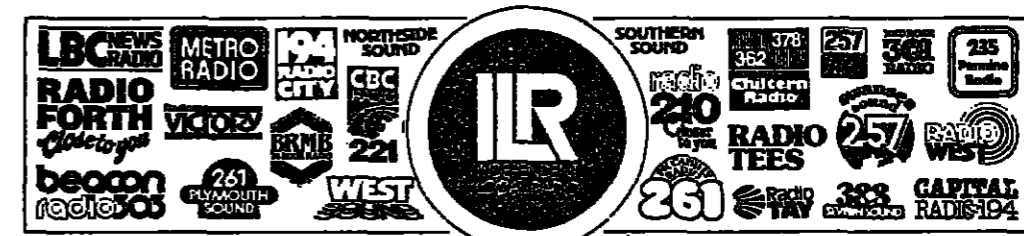
In January the station took over Radio Aire in Leeds which had lost more than £1m in three years and was probably within weeks of collapse when Red Rose came to the rescue.

Radio Aire, according to Mr Owen Oyston, millionaire estate agent and chairman of Red Rose, made a few hundred pounds profit in April and £18,000 in May.

Now the Preston station may be on the verge of further dramatic expansion. The board of CBC, the financially troubled radio station, have not ruled out a takeover. The takeover, which has been trading although it has not gone into liquidation, have agreed a deal with Red Rose.

If final agreement is reached the two Welsh stations as well as Radio Aire and Red Rose itself will be run from the former's church in Preston by Mr David Mavor as group managing director. The economic of scale and reduction in administration costs through such mergers could be the key to a prosperous future for ILR, Mr Oyston believes.

"I don't think that the IB's have got it wrong. I believe that too many people in local radio have not realised that they have approached the operation as business, but as something else—like being a director of a local football club," says Mr Oyston.



Sixty years a depositor

From Mrs M. Rollo

Sir—I have been a depositor for more than 60 years with the Savings Bank of Kirkcaldy which is now incorporated in the Trustee Savings Bank Scotland. I am therefore puzzled by the fact that, to date, I have not received any communication from the "trustees" to explain the advantages—if any—the morality and the legality of the proposed privatisation or sell-out of the TSB Scotland and removal of control and top jobs from Scotland to London. And, of course, they have not sought my approval for this move.

The "trustees" have, in fact, put all possible obstacles in the way of depositors who think they are entitled to some say in the disposal of assets which the depositors, themselves, have created. The Scottish TSB Depositors Association, which is at present more representative of depositors than the "trustees", has not been allowed to advertise its existence in branches of the bank. In my opinion, the association has more moral right than the "trustees" to decide what should be displayed on bank notice boards.

My local pass-book of 1925 is a significant historical record, underlining the industrial decay of Kirkcaldy, and indirectly of Scotland as a whole. Among the trustees and managers at that time were 10 proprietors of the town's local industries, playing in total more than 1,000 in a population of 11,000. All these industries have been closed down, usually after a take-over. Perhaps there is a lesson here for Scottish TSB depositors and staff.

There is, too, a lesson for the "trustees". One rule in the old pass-book states: "The manage-

Letters to the Editor

ment is vested in a body of trustees and managers who act gratuitously." Times have changed, however, from the days of stable 2½ per cent interest rates and today's "trustees" cannot be expected to emulate the example of one of our former trustees who on two occasions gave each child at school a bank book and some money to start an account.

Mr Rollo, 25 Beaufort Drive, Kirkcaldy, Strathclyde.

Few incentives from building societies

From Mr C. R. Tew

Sir—If building societies really are concerned about new money, could they not improve matters by making it more attractive for existing borrowers to repay extra capital from time to time?

With my building society—one of the big three—it is worth paying off extra capital only if the equivalent of three months' repayments is available. That, for many, means a substantial four-figure sum. Any repayment below this level does not repay capital immediately but is treated as an interest-free loan to the society until the end of the year.

Now that mortgage rates are governed primarily by what innocent new borrowers are prepared to pay, any progress in this direction would give "more experienced" borrowers

the opportunity to influence rates for the better. C. R. Tew, 12 Grosvenor Crescent, SW1.

Small businesses hit by bank charges

From Mr W. P. Jaspert

Sir—Allow me to bring a matter of no small significance to your attention: For the past six months or so, the clearing banks have imposed massive charges simply to pass on—usually after holding on for days and even weeks—funds received from overseas banks for direct payment into UK accounts.

Charges of £7 were recently levied on a £ sterling payment from Switzerland. Another bank made a charge of £6 on a payment of only £84.

At times, it seems that the banks' caring and sometimes listening attitude is deliberately designed to punish small, independent businesses. W. P. Jaspert, 93a Belisle Lane, NW3.

Stepping down on capital gains tax

From Mr T. Wallace

Sir—The Government's decision to abolish capital gains tax on gilts is a welcome simplification of the tax system and, hopefully, a step towards total abolition of capital gains tax. It should be noted, however, that far from being a concession the move is designed to increase the tax yield; this is

because most sales of gilts within the 12-month period are at a loss.

The change throws into yet sharper relief the capricious effects of the accrued income scheme, under which the seller of gilts is to be taxed on the accrued income element of stock sold, regardless of whether the sale actually realises a profit. Before the latest change the investor selling within a year at a loss could at least claim a loss of capital gains tax purposes. Now he is to be subject to income tax without any allowance for his capital loss.

Logic would have suggested not the abolition of capital gains tax on gilts but its extension to gilts whenever sold, allowing full capital gains tax relief on indexed losses. This approach was rightly rejected because of its administrative cost. However, surely equity demands that no one should be subject to tax on notional income when he has in fact incurred a loss. Theodore Wallace, 17 Old Buildings, Lincoln's Inn, WC2.

No way—unless you lead the way

From Mr J. Buldt

Sir—It is distressing to hear constant reverberations from the Government on the subject of the need for industry and individuals to keep wage demands and expectations to the absolute minimum and even—preferably—below the rate of inflation.

As someone who has just had the pleasure of contributing to the running of British Rail for the next 12 months, I am aware that certain items of the cost of living index are rising much faster than others. Particularly, it seems, those charges that are under the direct control of the Govern-

ment. For example, my BR ticket has gone up by 9.14 per cent over the year.

On that basis one can only say one thing in reply to further pleas for moderation: No way—unless you lead the way. J. Buldt, 545, Kingston Road, Ewell, Surrey.

Up-to-the-minute commodity prices

From the Corporate Relations Manager, Reuters.

Sir—The article on the Technology page (June 19) headlined "New link-up for futures market" is incorrect in its reference to Reuters.

It was stated that Reuters price reporting system of London and Paris commodity prices often suffered a time delay of a few minutes between bidding and reporting the prices as compared with Manifest.

This is untrue. The Reuter Monitor Commodity Service provides commodity prices real-time using the same signal as Manifest, which is partially owned by the London Commodity Exchange. Under those circumstances delays in distributing the prices on Reuters are hardly measurable.

Michael Cooling, 85 Fleet Street, E.C.4.

Herbal disclaimer

From Mr J. Wormstone

Sir—In reporting the sale of a drink in Brecon Brewery (July 1) you referred to a product which you described as "Welsh whiskey."

This product does not meet the legal definition of whiskey (i.e., but is a compounded spirit containing herbs. Jeffrey Wormstone, The Scotch Whisky Association, 17, Half Moon Street, W1.

Weaknesses in legislation leave the auditor with one hand tied behind his back

From the senior partner, Dearden Farrow

Sir—Recent events have highlighted again the many problems and misconceptions about the role of auditors and their responsibilities. I suggest that several very important factors are being overlooked.

Companies Act legislation contains weaknesses in the area. Most notably there is no duty, express or implied, to comment on the management of a company and, therefore, for effect of fraud or mismanagement is properly recognised in the figures there is no peg on which the auditor can properly hang any qualification of accounts. Even when there is a peg, as in the Peachey Property affair, no-one seems to take any notice.

It is essential to understand that the accounts can be right even when they disclose a disaster and that any disclosure

of the causes by the auditors to third parties (and, to all intents and purposes, this includes shareholders) without legal protection would run the gamut of potential legal penalty, from libel to insider information regulations. Should anyone doubt this, note that the recent publicity that one large firm is being sued for a breach of confidence.

Worse than this is that, although the appointment or replacement of auditors is reserved to shareholders, from the time of the City of London Real Property affair onwards, I cannot recall a case in which any backing has been given to auditors by the general body of shareholders or any regulatory authority. This means that the auditors' paymasters have a very powerful weapon against an independently-minded auditor who has no countervailing strength except to comment on the manner in which unpleasant facts are disclosed in the

accounts and no opportunity to draw attention to causes.

There may be other remedies, but I would suggest that there should be the ability to require the auditors to report on management to a statutory authority on whom would be placed the responsibility of discretionary public exposure.

One consistent thread in recent events has been the increased readiness of a number of powerfully-placed institutions, including the British Government, to recoup their investment losses by reaching for the auditors' professional indemnity policy. One Australian firm has already had a court award against it which exceeded its indemnity cover. Consequently the costs of such cover have soared and it is rumoured that some firms cannot even obtain higher levels of cover at any price. It would be an unhealthy downward spiral if the pressures on fees, salaries, indemnity and other costs

caused the audit to be skipped and the level of claims to rise as a consequence.

While the auditor has to work with one hand tied behind his back (my construction of the support given him by the statutes) and this deprives him of his ability to give the full service to shareholders of which he is capable, without fear or favour, he is these days threatened with claims running to hundreds of millions of pounds, and unlikely to get full insurance cover.

I suggest that there needs to be a rational structure covering professional indemnity. "Professional negligence" can be no more than the blinking of an eye but that does not limit the claim. It would therefore be unreasonable to balance the additional responsibilities being taken on by auditors with a statutory limitation of liability, perhaps a multiple of the audit fee or a figure related to balance sheet values. This would at least enable insurers

to assess risks more accurately and charge premiums accordingly. It might also enable them to rate risks more selectively than appears possible at present.

The position is aggravated by the frighteningly large claims currently being reported against some of the largest firms of accountants, at a time when there is a falling off in the capacity of the re-insurance market for professional indemnity.

I realise that much of what I have said might be categorised as special pleading and that others may not see the potential risks.

But I believe that present trends are self-destructive. To make accountancy firms more accountable is attractive, not least to the firms themselves. However the price may be too high unless at least some of the pressures are redirected. Ray Whitaker, 1 Serjeants' Inn, EC4

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| | Share s/c | Sub/pn shares % | Others % |
|---------------------------|--------------|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
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| Aid to Thrift | 9.80 | — | — Easy withdrawal, no penalty |
| Alliance | 6.75 | 7.75 | 8.00 7 days' notice. Imm. wdl. if balance £2,500+ Int. pd. 1-yrly, mthly, inc. optn. if bal. £1,000+ £50 Bank Save Bal. of £2,500. Curr. acc. optn. not real; £50 3-year bond. No notice, 3 months' penalty |
| Anglia | 6.75 | 7.75 | 8.50 Capital share. No notice, 1 month's penalty 8.00 7 days' notice. No interest penalty |
| Barnsley | 7.75 | 9.50 | 9.65 Special Inv. 9.85 2 years, 9.65 monthly income |
| Birmingham and Bridgwater | 6.65 | 7.70 | 8.05 5 days' not. or 20 days' int. pen. for imm. wdl. 8.75 90 ds. shrs. or 90 ds. nt. or 90 ds. pen. for imm. wdl. |
| Bradford and Bingley | 6.75 | 7.75 | 9.00 Premium Access. On demand, no penalty 8.50 Extra Interest—1 mth's notice or 28-day pen. 8.25 Extra Income—1 mth's notice or 28-day pen. |
| Britannia | 6.75 | 7.75 | 8.30 7 days' notice, 8.55 28 days' notice |
| Cardiff | 8.10 | 8.20 | 8.00 90-day notice. Penalty if balance under £10,000 |
| Catholic | 7.00 | 8.00 | 8.30 Extra share monthly income, 30-day notice |
| Century (Edinburgh) | 8.85 | — | 9.00 Permanent 2/3 years or variable |
| Chelsea | 6.75 | 7.75 | 8.50 3 years, immediate withdrawal interest penalty Gold. No notice. No pen. Under £1,000, 6.75; Over, 8.25; £5,000+, 8.57 when mthly. int. added |
| Cheltenham and Gloucester | — | 7.75 | 8.40 7 days, 8.50 one month, 8.75 three months 8.75 3 months' notice—no penalty—monthly income 8.45 21 days' not. im. access for amts. over £10,000 |
| Citizens Registry | 7.00 | 8.00 | 9.00 2-year bond £1,000+, close 90 days' notice and penalty, monthly inc. opt. guaranteed 2.25 diff. MoneyMaker inst. acc. no pen. 8.80 £20,000+; 8.35 £5,000+, 8.00 £1,000+ monthly inc. opt. |
| City of London (The) | 7.00 | 7.75 | 8.75 2 1/2, 3 m. not. with pen. 8.00 no nt./pn. m. inc. £10 Gold Star £1,000+. No notice. No penalties. Monthly int. £5,000+ & 8.41 if added to account |
| Coventry | 6.75 | 8.00 | 8.50 90-day notice, 8.75 90-day notice 8.75 90-day notice, 8.75 90-day notice 8.75 90-day notice, 8.75 90-day notice |
| Derbyshire | 6.75 | 8.00 | 8.75 2 1/2, 3 m. not. with pen. 8.00 no nt./pn. m. inc. £10 Gold Star £1,000+. No notice. No penalties. Monthly int. £5,000+ & 8.41 if added to account |
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| Mornington | 6.75 | 8.00 | 8.50 90-day notice, 8.75 90-day notice 8.75 90-day notice, 8.75 90-day notice 8.75 90-day notice, 8.75 90-day notice |
| National Counties | 6.75 | 8.00 | 8.50 90-day notice, 8.75 90-day notice 8.75 90-day notice, 8.75 90-day notice 8.75 90-day notice, 8.75 90-day notice |
| National and Provincial | 6.75 | 7.75 | 8.50 90-day notice, 8.75 90-day notice 8.75 90-day notice, 8.75 90-day notice 8.75 90-day notice, 8.75 90-day notice |
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BRAZILIAN LAND REFORM

'Frontier where men lose their moral brakes'

THE DUSTY little town of Conceicao do Araguaia (pop. 18,143) stretches sleepily along the west bank of the sinuous Araguaia river in northern Brazil. Its calm belies the tensions in the area unleashed by the federal government's recent announcement of an ambitious agrarian reform plan.

In this Amazon region, where civilisation has only a precarious foothold and land disputes are usually settled at gunpoint, the absence of roads and the immense distances give men immunity from their actions, challenging attempts at peaceful reform.

The scene is a rerun of 1865 in America's lawless Wild West, only the language is Portuguese and the mosquitoes are worse.

As dark closed in on the broad river at sundown, a local priest recounted the death toll from land conflicts in the first five-and-a-half months of this year—a toll that is already alarmingly higher than in previous years. As he spoke, he kept a wary watch on the entrance to the Riverside Restaurant.

"This is a frontier where ordinary men lose their moral brakes," said Father Ricardo Rezende Figueira, the 35-year-old priest.

Thirty-six people, including settlers, "pistoleiros" (hired gunmen), landless migrants and a rancher have been killed so far this year in just the southeastern part of Para state, an

area nearly the size of Ireland. In this area rich in virgin forest, minerals and cattle, the grisly statistics of 132 dead since 1980 are compiled by the Catholic Church's Pastoral Land Commission (PLC)—the only official source, since it alone bothers to keep count.

Violence is not new to Brazil's farung and largely unsurveyed interior. The latest outbreak, commencing last month, was unleashed when Brazil's first

do Araguaia—a vast, 22,000 sq km tract—is a microcosm of Brazil's rural situation. Absentee landowners who have invested in large tracts of land, bought for a song and then left idle for years, often not bothering to pay land taxes, now worry they will lose title to their uncultivated acreage.

The mayor's office estimates that 60 per cent of the land in the region is concentrated in the hands of wealthy private

per cent of the potentially productive land in the area lies untouched. But, with a touch of foreboding, he warns: "Agrarian reform will not happen here to the extent that some expect. Each case for distributing land has to be decided separately."

Attitudes like those of Sr. Leco contribute to the tension, and to the growing polarisation found among the region's 200,000 inhabitants, as they side

rights, rural migrants — also armed — have been invading big fazendas in droves. What drives them on is the knowledge that they can obtain squatters' rights if they go undetected, and unchallenged, for a year and a day.

In the process the landless migrants often draw fire on to previously settled small farmers who, although at times themselves without legal title, may have farmed their land for five or 10 years. In theory — and theory alone in a region such as this — they are protected by law and entitled to compensation for improvements made on the land.

What usually happens in practice was shown last week at a fazenda near Conceicao when 150 families were ordered off land they had farmed for many years: 27 years in one case. Sr. Roberto Marins, a young state lawyer, said none of the settlers had tried to protest against the eviction in court, considered a long, expensive and usually fruitless process.

Lawlessness is endemic in this region. And many public officials or police are considered corrupt or inept, or both. Where conscientious officials are found, the poor communications make effective law enforcement virtually impossible.

Judge Enivaldo da Gama Ferreira, one of two judges allocated to this vast area — a region which rains make isolated and nearly impassable for four months a year — holds

either with the rural migrants looking for land or else with the landowners, accustomed to having the law on their side.

Adding to the land scramble has been the impact of the opening of the mineral-rich Carajas region and four open-cast gold mines just 440 km north of Conceicao do Araguaia. The increased influx to the region has driven up land prices ten-fold over the past decade, from \$33 per hectare to \$344 in some cases.

To protect their interests some landowners have begun hiring private militias or "pistoleiros" to defend their properties from invasion — and throw out the squatters.

Fired with enthusiasm by television reports of imminent reform and encouraged by local priests to stand up for their

civilian government in 21 years proposed distributing land to small farmers and migrants, thereby threatening the tenuous status quo in many rural areas.

Even though this plan, which would implement a never-applied 1964 law, is still at the discussion stage, tension is visibly mounting among large landowners fearing government appropriation.

In parallel, the announcement flared hopes for the 7.1m landless rural farmers who expect reform to bring their own plot of earth and an exit from grinding poverty. Impatiently, some migrants feel justified in invading land to which others, often only nominally, claim title. Daily clashes, regularly resulting in death, inevitably result.

The region around Conceicao

families or Brazilian and multinational companies from the country's industrialised south.

Companies such as Volkswagen do Brasil, a subsidiary of the German vehicle manufacturer, and private Brazilian banks such as Bradesco and Banco Mercantil were encouraged with fiscal incentives under former military governments to purchase land for cattle ranching or mineral exploitation.

Holdings are counted in "elebas," each equal to 4,340 hectares, roughly 44 sq km, with the average "fazenda," or ranch, encompassing 130,000 hectares.

Sr. Jose Leo, the swaggering, jeans-clad deputy mayor, who was elected two years ago on an opposition ticket, claims that 80



The scene is a re-run of America's Wild West . . .

out little hope for an end to the violence.

"The state and federal governments have to take the problem seriously and provide trustworthy, competent police so crimes already committed can be prosecuted and future ones prevented," he said.

The judge, the state lawyer, the priest and settler leaders all avoid walking after dark because of threats to their lives.

The recent history of the region adds to the nervousness of the military police and security forces responsible for controlling the area.

For five years in the mid-1970s this was the region of Brazil where rural guerrilla activity was most prevalent, leading to a harsh military crackdown and still unresolved allegations of civilian massacres. As rhetoric becomes, once again, more emotional, those siding today with the settlers or rural workers are inevitably labelled as clandestine Communists.

Because of this background the federal government land agency, responsible since 1980 for land titles, is, revealingly, linked to the federal intelligence agency. It says no information has been collected on what land is unproductive in the region and therefore likely to be subject to reform.

Inevitably, it appears, if agrarian reform is to be enacted using the current land authorities, bureaucratic resistance will have to be added to the other difficulties to overcome.

Under the recently ended military regime accusations were rife that Getat, the federal

land agency, would issue false titles and then call on the federal judge to evict settlers from the newly "bought" land. To extend their influence in a region considered of "national security" importance, the military also ordered that all land in a 100 km strip on both sides of federal roads — and potential roads — be kept in federal as opposed to state hands.

Responding to growing opposition from the powerful land-owning community, Sr. Nelson Ribeiro, the new Minister for Agrarian Reform and Development, said a recent decision to extend public discussion of the plan for another 30 days, until the end of July, does not mean a retreat by the Sarney Government.

Privately, government officials are admitting the launch of the agrarian reform plan went off at half cock. The immediate challenge for the Administration will thus be to get itself out of this quandary of its own making, one which on present performance looks like satisfying nobody.

Home on the range, Volkswagen style

By Andrew Whitley in Rio de Janeiro

SPRAWLING OVER nearly 140,000 hectares of rolling sub-Amazonian forest land, the Volkswagen cattle ranch in the middle Araguaia region is a model of self-sufficiency. Timber cleared from the land to make way for pasture is used for fencing. It is also made up into furniture, or used as construction material. And the waste products are fed into the steam generator which provides electricity for the 1,100-strong community.

The "Rio Cristalino" fazenda also has its own brickworks. Even the red roof tiles for the neatly laid-out farm houses are made locally.

Its Swiss manager, Friedrich Bruggen, cuts a dashing figure as he bounces around his empire in an imported Volkswagen jeep, churning up red dust in its wake. A modern cattle rancher, he dictates notes into a mini-cassette recorder as he goes.

The project is a controversial one, as Bruggen and his boss, Wolfgang Sauer, president of Volkswagen do Brasil, well know.

It has been attacked by nationalists angry at the way in which a huge multinational was not only able to carve out a large slice of virgin Amazon territory for itself, but was encouraged to do so by a former military government. The federal authorities have helped out over the past decade with matching funds, a generous tax holiday and other fiscal benefits.

"Rio Cristalino," and other neighbouring fazendas also owned by large Sao Paulo-based corporations, have come under fire from environmentalists, who are upset at the burning off of the forest cover, and from the church, which has accused the German company of employing "slave labour."

The reality behind the accusations is a little different. Obligated by law to leave half the land in its virgin state, Bruggen says he plans to leave 80 per cent untouched and reforest part of the cleared land with quick-growing eucalyptus trees.

A well-intentioned law also requires five trees per hectare to be left standing on the land being brought into use. This is much harder to enforce, and the gaunt, dead trees pockmarking the newly burnt stubble land are monuments to its inefficiency.

The "slave labour" charge stems from a practice common

throughout this pioneer region of using outside labour contractors to clear the forest. For this back-breaking work the contractors in turn hire gangs of men who get paid on a piece work basis and are, in effect, indentured labour.

Like any red-blooded pioneer faced with the task of bringing new land into cultivation, Bruggen is an outspoken defender of free enterprise. Dismissive of "social responsibility" projects, he nevertheless admits that the loss-making Cristalino project could not have succeeded without state aid.

The project is a controversial one, and has been attacked by nationalists angry at the way in which a multinational was able to carve out a slice of virgin territory.

His main concern lies in the application of scientific farming methods to a grossly unproductive business. Brazil has the second largest herd of cattle in the world, but its meat output is only in fifth place.

In this corner of Para state on the southern fringes of the true Amazon forest, Volkswagen's goal is to establish an intensive cattle-rearing farm based on fattening lots and mechanised haymaking. The fodder is vital to keep the animals' body weight up during the region's long, five-month dry season.

Volkswagen has so far brought over 35,000 hectares of its land into use and has raised productivity well above the national average of one head per hectare. To date the company has invested about \$25m.

But despite the recent opening of a modern slaughterhouse nearby—eliminating the need for a 1,700 km road journey to Sao Paulo state—the farm still remains a long way short of its eventual goal of being profitable without any government support.

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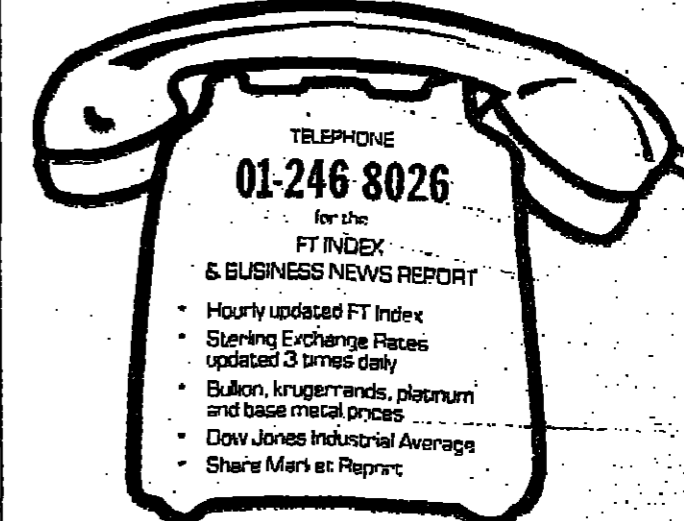
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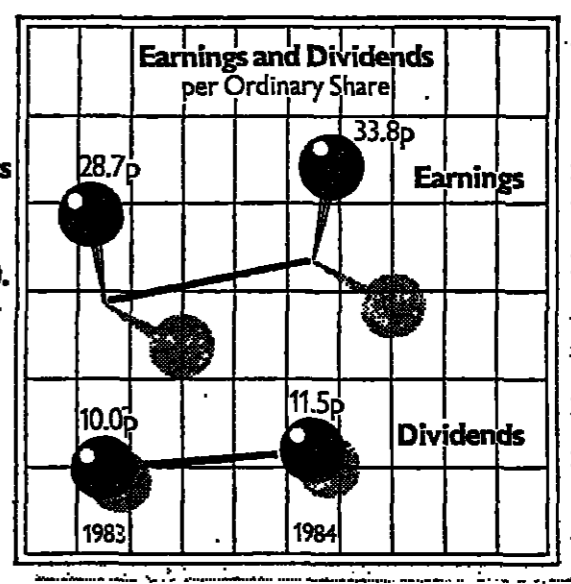
الشرق الأوسط

Look what's happened at Britoil since the Government sold 51% of its shares.



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In November 1982, Britoil became a publicly quoted company when the Government sold 51% of its shares to the public. Since then Britoil's achievements have been most impressive.

Britoil is one of the country's leading oil and gas companies. And it's one of the world's largest companies engaged primarily in exploration and production.

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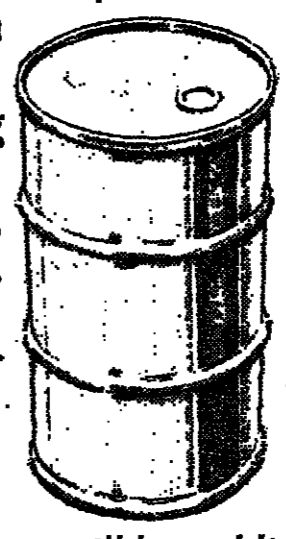
And, as in the past, it intends to give private individuals, not just City institutions, a full opportunity to apply for shares. That's why the Britoil offer is being widely publicised.

Subject to market conditions the offer is planned for the end of July.

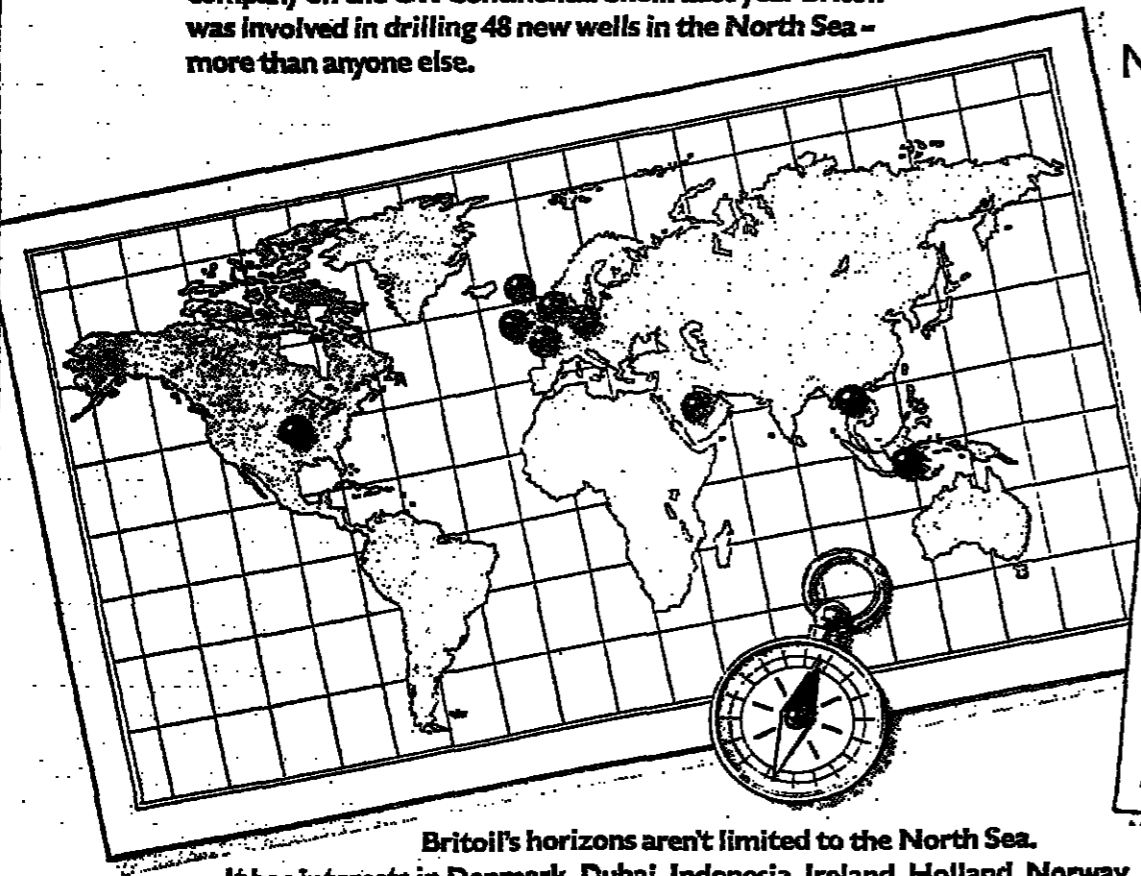
There will be just seven days in which to make an application for shares.

The Offer for Sale document and application form will be published in National Newspapers. Documents will also be available from all branches of National Westminster Bank, Barclays Bank and the Bank of Scotland.

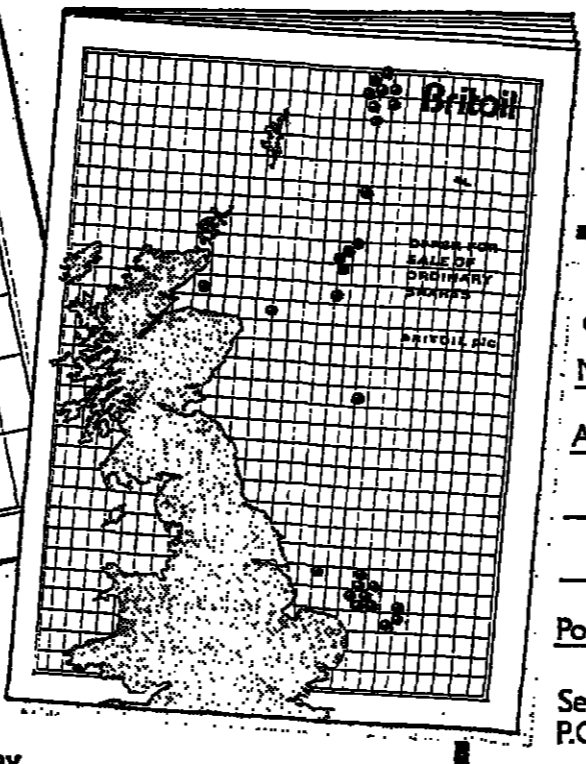
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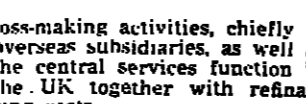
Britoil

SOON, THE REMAINING 49% OF BRITOIL SHARES ARE TO BE OFFERED FOR SALE.

Issued by Lazard Brothers & Co., Limited on behalf of H.M. Government.

Johnson Matthey profit at £20m

Other significant losses mainly related to additional provisions of £18.5m (£69.1m) which have proved necessary in respect of the jewellery operations in the U.S. Refinancing, closure, reorganisation and other costs, net of tax, amounted to £7.8m; this reflected the rationalisation of



showed very good results against stiff competition. The UK operation continued to make a valuable contribution, successfully carrying higher development costs as the marketing effort in Europe increased in anticipation of the new EEC standards.

See Lex

Various reports have recently been published highlighting a worldwide downturn in demand for semiconductor products, generally with speculation as to how such a reduced demand will continue. As a supplier to the semiconductor industry, TESI could be affected by this.



period totalled 32m (29m) barrels and gas amounted to 46b (41bn) cu ft. Oil production including LPG and condensate averaged 178,300 (157,800) barrels per day and gas production 256m (226m) cu ft per day.

Turnover for the six months climbed from £845.9m to £968.1m. Revenue from equity production was up £143.7m at £775.6m, while the remainder of the increase due to sales of purchased petroleum.

BY LISA WOOD

"The results of this policy are evident," said Mr. Miguel "wh-

BY DAVID GOODHART

pre-tax profit of £8.1m on a turnover of £122m—has used the proceeds of two rights issues within the last year to fund acquisitions. Its half-year profits to the end of March rose by

Earlier this week, Hunter Print announced pre-tax profits for the six months to March of £1.22m (£919,000).

The rights issue by Hunter

for the six months to March of
£1.22m (£918,000).

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

| FIXED INTEREST | | | | | | | AVERAGE GROSS REDEMPTION YIELDS | | Fri July 12 | Thurs July 11 | Year ago (approx.) | 1985 | | | | | |
|--------------------|--------------------|-------------|----------------|---------------|---------------|----------------------|---------------------------------|---------------|-------------|---------------|--------------------|-------|-------|-------|-------|-------|------|
| PRICE INDICES | | Fri July 12 | Day's change % | Thurs July 11 | nd adj. today | nd adj. 1985 in date | | | | | | Hghts | Lows | | | | |
| | | | | | | | British Government | | | | | | | | | | |
| | 1 | Low | 5 years | 10.19 | 10.21 | 11.59 | 11.56 | 28/1 | 10.17 | 9/7 | | | | | | | |
| | 2 | Coupons | 15 years | 10.23 | 10.26 | 11.42 | 11.20 | 28/1 | 10.23 | 12/7 | | | | | | | |
| | 3 | | 25 years | 10.23 | 10.26 | 10.82 | 10.72 | 29/1 | 10.03 | 2/1 | | | | | | | |
| British Government | | | | | | | 4 | Medium | 5 years | 11.12 | 11.15 | 12.68 | 12.39 | 28/2 | 11.12 | 12/7 | |
| 1 | 5 | Years | 118.42 | +0.18 | 118.21 | — | 6.08 | 5 | Coupons | 15 years | 10.62 | 10.66 | 11.92 | 11.63 | 28/1 | 10.62 | 12/7 |
| 2 | 5 | Years | 131.80 | +0.27 | 131.46 | — | 7.34 | 6 | | 25 years | 10.17 | 10.23 | 11.21 | 10.97 | 29/1 | 10.19 | 12/7 |
| 3 | Over 15 years | 137.70 | +0.30 | 137.28 | — | 6.87 | 7 | High | 5 years | 11.16 | 11.21 | 12.72 | 12.53 | 28/1 | 11.16 | 12/7 | |
| 4 | Irredeemables | 149.00 | +0.35 | 148.48 | — | 7.27 | 8 | Coupons | 15 years | 10.78 | 10.82 | 12.05 | 11.76 | 28/1 | 10.78 | 12/7 | |
| 5 | All stocks | 129.72 | +0.24 | 129.41 | — | 6.91 | 9 | | 25 years | 10.34 | 10.40 | 11.24 | 11.03 | 29/1 | 10.34 | 12/7 | |
| 6 | Debentures & Loans | 110.61 | +0.11 | 110.49 | — | 6.08 | 10 | Irredeemables | | 9.89 | 9.91 | 10.68 | 10.49 | 28/1 | 9.89 | 12/7 | |
| 7 | Preference | 80.26 | -0.02 | 80.28 | — | 3.44 | 11 | Debs & Loans | 5 years | 11.74 | 11.74 | 12.82 | 12.63 | 29/1 | 11.73 | 10/7 | |
| | | | | | | | 12 | Legns | 15 years | 11.56 | 11.57 | 13.00 | 12.37 | 29/1 | 11.56 | 12/7 | |
| | | | | | | | 13 | | 25 years | 11.39 | 11.40 | 13.04 | 12.37 | 29/1 | 11.39 | 12/7 | |
| | | | | | | | 14 | Preference | | 12.29 | 12.29 | 13.36 | 13.14 | 29/1 | 12.29 | 11/7 | |

| BRITISH GOVERNMENT INDEX-LINKED STOCKS | | | | | | | | | | | | | | |
|----------------------------------------|--------|-----------|--------|------------|------|--------------------------|-----------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 6 All stocks | 110.06 | -0.24 | 110.33 | — | 1.37 | 15 Inflation rate 161 | 5 ^a 10 ^a | 3.68 3.47 | 3.67 3.49 | 3.96 3.75 | 3.68 3.49 | 1277 1377 | 3.11 2.94 | 11/3 11/3 |
| | | | | | | | | | | | | | | |
| Equity section or group | | Base date | | Base value | | Equity section or group | | Base date | | Base value | | | | |
| Telephone Networks | | 30/11/84 | | 517.92 | | Food Manufacturing | | 29/12/67 | | 114.13 | | | | |
| Electronics | | 30/12/83 | | 1440.63 | | Food Retailing | | 29/12/67 | | 114.13 | | | | |
| Other Industrial Materials | | 31/12/80 | | 287.41 | | Insurance Brokers | | 29/12/67 | | 96.57 | | | | |
| Health/Household Products | | 30/12/77 | | 261.77 | | Misng Finance | | 29/12/67 | | 100.00 | | | | |
| Other Groups | | 31/12/74 | | 63.75 | | All Other | | 10/04/62 | | 100.00 | | | | |
| Overseas Traders | | 31/12/74 | | 100.00 | | British Government | | 31/12/75 | | 100.00 | | | | |
| Mechanical Engineering | | 31/12/71 | | 153.84 | | Bo. Index-Index | | 30/12/62 | | 100.00 | | | | |
| Equipment | | 16/07/70 | | 162.74 | | Debs. & Loans | | 31/12/77 | | 100.00 | | | | |
| Industrial Group | | 31/12/70 | | 128.20 | | Preference | | 31/12/77 | | 76.72 | | | | |
| Other Financial | | 31/12/70 | | 128.06 | | FT-SE 100 Index | | 30/12/83 | | 1000.00 | | | | |

A MIXED pattern of new life and pensions business...business was experienced by the Sun Life Group during the first half of this year.

ity in the pre-Budget pensions boom, with new annual premiums on individual and self-employed pensions business increasing by two-thirds from £9.3m to £15.3m and

BY STEFAN WAGSTYL

lighting business which supplies lights and scaffolding up to some 40 to 50 firms a year worldwide and up to 80 per cent of the outside broadcasts made by BBC and the independent television companies.

By Stefan Wagnitz

Owl Creek is linked indirectly with Falcon Resources, the exploration company run by Mr Ronnie Monk, which has been one of the most active oil and

BY ANDREW ABENDS

Sir James would have a direct say in the reshaping of Crown Zellerbach.

In the first half of this year, Provident Life Association of London, a member of the Winterthur Swiss Insurance Group, recorded a 5.5 per

A rise of over 140 per cent in pension premiums in the pre-Budget boom, from £266,000 to £648,000, and a marginal 3 per cent increase

Following this move, J. Rothschild has invested around 5.5

An approach has been made to Murray Growth Trust by the Merchant Navy Officers' Pension Fund which may lead to an offer being made for the company.

DIVIDENDS ANNOUNCED

| | | Current payment | Date of payment | Corre- sponding div. | Total for year | Total last year |
|------------------------|-----|--------------------|--------------------|----------------------------|----------------------|-----------------------|
| Britoil | int | 4 | Oct 1 | 3.3 | — | 11.5 |
| Johnson Matthey | nil | — | — | 7 | nil | 10 |
| Oidacre | 2.5 | — | — | — | 4 | — |
| TSL Thermal Synd | int | 1 | — | nil | — | 1 |

Sumrie loss rises

The rate of loss at Sunrie Clothes, which makes outerwear for men, failed to abate in the second half. In consequence, the loss for the year

ended March 30, 1985, has risen from £242,000 to £369,000. Turn-

The loss per share worked through at 14.8p (9.7p). There is again no dividend. There is an extraordinary debit of

£236,000 being termination payments to former directors and related legal costs. Last year retail subsidiary was almost offset by £236,000 profit on

INTERNATIONAL COMPANIES and FINANCE

IU plans dividend cut and Ryder hive-off

By Our New York Staff

IU INTERNATIONAL, the Philadelphia-based transportation, waste management and agribusiness concern, is to cut its dividend and plans to hive off Ryder/I-E, its troubled truck subsidiary, and sell its 50 per cent stake in a water utility in an attempt to cut debt and put performance back on course.

The group, which suffered an 82 per cent plunge in net earnings to \$7.9m in 1984, is to offer up to 49 per cent of Ryder to the subsidiary's employees in return for wage cuts designed to save up to \$50m. The rest of the shares in Ryder would be spun off to group shareholders tax free.

The sale to Lyonnaise Des Eaux of the 100 per cent stake in General Waterworks Corporation will give a pre-tax gain of \$32m, the company says. These steps combined with a halving of dividend from 30 cents to 15 cents will form part of the programme aimed at cutting debt from \$372m to less than \$300m by the year-end.

In the meantime, IU is projecting a second quarter loss of \$1 a share, including special charges at Ryder, compared with a deficit of 38 cents a year earlier. The group points out that it is still in the position of showing pre-tax losses and paying tax.

Mr John Gilray, the company's chairman, said: "Establishing Ryder as a separate and independent company awaits improved results which we anticipate. We would be using the same technique that benefited IU shareholders in our previous spin-offs—Gottas-Larsen shipping in 1979 and Echo Bay Mines in 1983."

Metallgesellschaft raises DM 128m

By JOHN DAVIES IN FRANKFURT

METALLGESELLSCHAFT, the West German metals and engineering group, is raising DM 128m (\$43.8m) in cash in a one-for-six rights issue.

At the same time the company has reaffirmed that it expects to resume a dividend payment for its current financial year, after omitting a payout for three years in succession.

The new shares, with a nominal value of DM 50, will be offered through a bank consortium at DM 160 in September.

ber. The company's shares have been trading lately at around DM 270.

The widely expected rights issue, which will raise Metallgesellschaft's nominal capital by DM 40m to DM 280m, will improve the company's financial structure and help underpin further growth in investment and business volume.

Metallgesellschaft said that the new shares would qualify for a dividend from the beginning of its new financial year on October 1.

The company said the favour-

able trend in business had continued so far this financial year and profits should be sufficient to enable it to build up reserves and resume a dividend.

Metallgesellschaft, in which Kuwait has a stake of some 20 per cent, has taken steps in the past few years to deal with loss-making operations in metal manufacturing and mining. It has also put aside risk provisions for the OK Tedi gold and copper mining project in Papua New Guinea, in which it has a stake along with West German, U.S. and Australian partners.

After a loss of DM 19m in 1981-82, it made a group net profit of DM 25m in 1982-83 and again in 1983-84. It last paid a dividend of DM 4 per share on its 1980-81 profit.

Metallgesellschaft has moved strongly into countertrade activities, which have contributed to its recovery. Late last year it linked up in this field with First Boston Corporation, the U.S. investment bank, and Louis Dreyfus, the privately-owned French agricultural trading group.

Ciba and Sandoz show sales growth

By William Dufforce in Geneva

CIBA-GEIGY and Sandoz, two big Swiss chemicals groups, yesterday reported good sales growth in the first half-year and both were positive about their earnings prospects for 1985.

At SwFr 10.6bn (\$4.38bn) the six-month turnover of Ciba-Geigy was 13 per cent higher than in the first half of 1984 and 5 per cent larger, when expressed in local currencies.

Last year's disposal of Airwick, the air freshener company, to Reckitt and Colman, reduced the turnover figure. In the first half of 1984 Airwick contributed SwFr 355m to consolidated sales.

Sandoz showed sales of SwFr 4.5bn in the six months, a 20 per cent growth in both franc and local currencies. But its dollar revenues have been boosted by the inclusion from mid-April of Master Builders, the U.S. construction chemicals company, which it has just acquired.

Neither group reports interim profits. Ciba-Geigy forecasts a "good financial result" for 1985 as a whole, although it expects the rate of growth in sales to slacken during the second half, mainly because of seasonal fluctuations in its agricultural products. Sandoz merely states that earnings "show a positive trend".

The strength of the dollar in the half-year was an important element in both groups' sales performance.

Marine Midland and InterFirst report increased income

By CHRIS CAMERON-JONES IN NEW YORK

AFTER THREE MONTHS of favourable trading conditions more U.S. banks look set to follow the pattern of higher second quarter earnings set by Chemical New York this week.

Marine Midland, the 17th largest bank in the country which is majority owned by Hongkong and Shanghai Bank, raised net profit in the quarter by 8.1 per cent to \$28.5m, or \$1.35 a share, from \$26.4m or \$1.24 a year ago.

There was an 11 per cent rise in the six-month figures to \$54.4m, or \$2.58 a share, against \$48.9m or \$2.29 previously.

Marine's loan loss provision rose from \$19.5m to \$28.5m year on year, but was down on the \$35.3m seen in the first quarter of 1985. At the end of June loan loss reserves represented 1.45 per cent of all loans, and totalled \$220m.

The earnings progress in both quarters this year came on the back of strong revenue growth arising from increases in net

interest and non-interest income, including greater trading revenues and gains on securities transactions. The growth more than offset higher operating costs and bad debt provisions.

Total assets at June 30 were \$22.4bn, against \$23.1bn a year earlier. The decline reflects a change in strategy to concentrate resources in the American continent.

The Dallas-based bank InterFirst, the 18th largest in the U.S., achieved a 20 per cent increase in second quarter net income from \$13.4m or 20 cents a share, to \$16.1m or 24 cents.

This took the six-month total to \$31.2m or 47 cents, up from \$26.0m or 39 cents in 1984.

InterFirst was helped by lower provisions for loan losses at \$32.9m in the latest quarter, against \$43.6m a year earlier and \$92.9m in the first quarter of 1985.

Non-performing assets amounted to \$766m, representing 5.13 per cent of total loans

Japan criticised for limits in deregulation process

By OUR FINANCIAL STAFF

THE RESTRICTIONS attached to the current deregulation process in Japan's financial markets were sharply criticised yesterday by Lord Camoy, chief executive designate of Barclays de Zoete Wedd (BZW), the UK bank's new securities affiliate.

Addressing a conference of the British Invisible Exports Council in Hong Kong, the singled out the insistence of the Japanese authorities on a continued separation of broking and banking activities as a particular hindrance.

This in turn could hamper Japanese financial institutions in seeking a wider role abroad, he warned.

"Japan may find it more difficult to exercise her financial will than her industrial muscle. Japanese investment houses seem no further forward in their efforts to achieve banking recognition in the UK than they were five years ago."

Barclays Bank was last month granted Ministry of Finance

permission, along with eight other foreign banks, to open a trust banking operation in Japan which will aim to attract pension fund business, previously a closely regulated Japanese preserve.

However, it has apparently been made clear to Barclays that, because of this, BZW will be licensed to operate there in tandem. Barclays has been seeking British Government support to secure a reversal of this position.

"The Japanese attitude demonstrates a refusal to accept the growing synergy between all sections of financial businesses," Lord Camoy said.

Lord Camoy, who is also vice-chairman of Barclays Merchant Bank, welcomed the opening up of the country's lucrative and growing fund management business. But he added: "It is almost impossible to conceive that Japan will score an own goal by refusing further to liberalise her financial system."

Rembrandt raises payout after profits advance

By JIM JONES IN JOHANNESBURG

REMBRANDT, the South African tobacco, liquor and industrial group, increased net profits to R218.1m (\$12.9m) in the year to March from R179.6m the previous year.

Earnings rose to 524.3 cents a share from 492.9 cents and the total dividend has been lifted to 84 cents a share from 73 cents.

The group is among the most secretive in South Africa and gives no details of contributions to the profit increase.

However, the rand's persistent weakness during the second half of the financial year almost certainly enhanced the rand-denominated earnings of subsidiaries outside South Africa.

In addition, dividend income

was increased by the acquisition in December of an additional 10 per cent interest in Volkskas, South Africa's fourth largest banking group. The purchase of the shares raised Rembrandt's interest in Volkskas to 30 per cent.

Rembrandt has frequently stated that it wants to broaden its banking interests. Both Rembrandt and Volkskas are due to appear as respondents in the Cape Town Supreme Court on November 5 in a case brought by Boland Bank, the country's sixth largest banking company, which is trying to determine the identity of the recent buyer of 10 per cent of its equity.

Sharp group earnings edge ahead

PROFITS growth at Sharp, the Japanese electronics group, was held back in the year to March with the inclusion of results of subsidiaries, writes Our Financial Staff.

Consolidated figures released yesterday showed a 9.8 per cent advance in net earnings to Y39.9bn (\$164.2m) compared with Y38.1bn on sales 14.8 per cent ahead at Y1,677bn against Y1,017bn.

Piaggio battles to overcome the problems of weak demand

By JAMES BUXTON IN ROME

IF THERE is one experience that no visitor to Italy ever forgets it is of driving into a city and being overtaken at a speed by a pretty girl on a Vespa scooter, a pair of dark glasses on her nose and her hair streaming into the wind from her unmeted head.

Or it may be jostling with the teenagers' Ciao and Bravo mopeds up the hills of Rome, or on some country road at dusk trying to avoid dimly-lit Ape three-wheeler pickups chugging along the kerbside as market gardeners head back from a day at market.

From the point of view of Piaggio, which makes all these vehicles in Italy, the images may be still powerful, but there are not enough for them. Since 1980 the number of vehicles Piaggio has sold has fallen from 937,000 to last year—a drop of 41 per cent. In Italy, which last year accounted for 60 per cent of Piaggio's sales, the drop was 39 per cent.

Many people would call the situation a crisis, since it has sparked-off a steady decline in

Piaggio's revenues in real and money terms since 1981, and allowed it to make profits totalling only L1.5bn (\$857,000) over the three years to 1984.

But Sig Giorgio Brazzelli, managing director of Piaggio, a family-owned concern, disagrees. "I would not call it a crisis. A crisis is something that you can make your way out of. This, on the other hand, was a gradual contraction of the market that had been going on since 1978. No one believes that the graph will go shooting up again. What we are doing is learning to live with this reduced market."

The fall in the world market for two-wheelers (including mopeds) took almost everybody by surprise. Sig Brazzelli points out that in 1980 Japan produced 7.8m two-wheelers and mopeds, and the Japanese Trade and Industry Ministry projected a rise in output to 11m a year over the coming years. Honda, Yamaha, Suzuki and Kawasaki expanded production facilities accordingly.

Yet in fact last year Japan sold only 5.5m units, and is said to be having to cope with a backlog of unsold stocks.

Piaggio blames the collapse of demand on several factors. One is that the number of young people is in decline in many countries in Europe. Another is that fashions are changing: many young people prefer to spend their money on other things, such as computers, Hi-Fi, motorcycles, and even cars, rather than scooters and mopeds. Furthermore economic recovery in Europe has been slow.

Yet according to Sig Brazzelli who arrived at Piaggio at the beginning of 1984 from Agusta, the helicopter maker, it was only last year that Piaggio decided that the fall in the market was permanent, and decided to take drastic action.

One theoretical escape route was not open to it. Piaggio already has two-thirds of the Italian market for scooters and what Sig Brazzelli calls a "near-monopoly" of that for mopeds

and three-wheelers. So there was no real chance of recovery by gaining market share.

For unlike Britain, Italy protects its domestic market for two-wheelers up to 350cc, so Piaggio faces virtually no Japanese competition. Its competitors are other Italian companies, plus Peugeot and other European manufacturers.

"The only thing to do was to lower the breakeven point while keeping sales as high as possible in Europe, and expanding our operations in developing countries," says Sig Brazzelli.

Lowering the breakeven point meant cutting the labour force and closing large parts of the company's main plant at Pontedera near Pisa. Shedding labour is especially difficult in Italy, but Piaggio succeeded, thanks, it says, to its good ties with local politicians and with the trade unions.

Piaggio got its permanent workforce down to 7,250 by the end of last year, compared with 12,250 only two years before.

At the same time the com-

pany carried out a ruthless policy of destocking. Production in 1984 was 513,000 vehicles, and fewer than the 553,000 vehicles sold. This policy reduced the amount of money tied up in stocks and enabled Piaggio to reduce its debt by 30 per cent from L1,200m to L880m in 1984.

The group ratio of shareholders equity to debt improved from 1.1 to 1.6 in a year. But net profit was just L765m on sales of L5,600m—some L310m less than in 1983. For this year Piaggio is not yet able to forecast results.

But its drive to penetrate country market is doing well. It is setting up a plant in India, where it will own 28 per cent of a joint venture to produce 200,000 Vespa scooters and 50,000 three-wheelers.

Some 2m people are said to have reserved Vespa scooters in the first month that they went on sale there—following years during which the Indian Government prohibited foreign manufacturers from coming into the country.

A smaller plant is being built in Brazil, also in a joint venture, and recently Piaggio won an order worth L200m for 10,500 three-wheelers—the famous Ape.

The trouble with joint venture manufacturing deals, says Sig Brazzelli, is that they decline. First you start exporting kits, but then as local production improves your exports decline. After a few years you have to try to introduce a second model—or try somewhere else. And the competition is ferocious—always from Japan.

Yet it is from a joint venture with Japan that Piaggio is hoping to draw substantial revenues in the future. It has reached an agreement to manufacture Mitsubishi turbo-compressors under licence in Italy for sale in Europe for turbo-charged cars.

Production starts in 1987 and Piaggio is aiming eventually to produce 400,000 turbo-compressors a year, equal to 20 per cent of the European market.

LONDON TRADED OPTIONS

| | CALLS | | | | PUTS | | | |
|------------------------|-------|------|------|------|------|------|-----|--|
| Option | July | Oct. | Jan. | July | Oct. | Jan. | | |
| B.P. (1981) | 460 | 87 | 82 | 35 | 7 | — | 23 | |
| 300 | 500 | 30 | 48 | 28 | 40 | — | 48 | |
| 450 | 550 | 1 | 10 | 18 | 80 | — | 85 | |
| 600 | — | 1 | — | — | — | — | — | |
| Cons. Gold (1987) | 460 | 47 | 60 | 12 | 8 | — | 8 | |
| 300 | 500 | 17 | 35 | 45 | 12 | — | 27 | |
| 450 | 550 | 87 | 57 | 28 | 10 | — | 62 | |
| 600 | — | 1 | 4 | 11 | 105 | — | 107 | |
| Courtauld (1986) | 150 | 9 | 16 | 20 | 1 | 5 | — | |
| 100 | 140 | 5 | 10 | 15 | 5 | 10 | — | |
| 160 | 10 | 1 | 1 | 1 | 24 | 29 | — | |
| Com. Union (1986) | 150 | 39 | 34 | 20 | 1 | 10 | — | |
| 100 | 180 | 1 | 1 | 1 | 1 | 13 | — | |
| 250 | 4 | 1 | 1 | 1 | 1 | 1 | — | |
| 400 | 1 | 1 | 1 | 1 | 1 | 1 | — | |
| C.E.C. (1988) | 160 | 8 | 18 | 26 | 5 | 8 | — | |
| 100 | 180 | 1 | 1 | 1 | 1 | 1 | — | |
| 250 | 1 | 1 | 1 | 1 | 1 | 1 | — | |
| 400 | 1 | 1 | 1 | 1 | 1 | 1 | — | |
| Grand Met. (1983) | 250 | 12 | 23 | 32 | 4 | 12 | — | |
| 100 | 300 | 1 | 1 | 1 | 1 | 1 | — | |
| 350 | 1 | 1 | 1 | 1 | 1 | 1 | — | |
| I.G.I. (1984) | 700 | 14 | 27 | 30 | 11 | 40 | — | |
| 300 | 750 | 3 | 17 | 30 | 60 | 77 | — | |
| 800 | 1 | 1 | 1 | 1 | 1 | 1 | — | |
| Land Sec. (1983) | 250 | 7 | 17 | 24 | 4 | 12 | — | |
| 100 | 300 | 1 | 1 | 1 | 1 | 1 | — | |
| 350 | 1 | 1 | 1 | 1 | 1 | 1 | — | |
| Marks & Sp. (1986) | 150 | 16 | 24 | 2 | 1 | 2 | — | |
| 100 | 180 | 1 | 1 | 1 | 1 | 1 | — | |
| 250 | 1 | 1 | 1 | 1 | 1 | 1 | — | |
| 400 | 1 | 1 | 1 | 1 | 1 | 1 | — | |
| Shell Trans. (1983) | 600 | 18 | 24 | 2 | 1 | 2 | — | |
| 300 | 650 | 30 | 47 | 80 | 2 | 13 | — | |
| 400 | 1 | 1 | 1 | 1 | 1 | 1 | — | |
| 600 | 1 | 1 | 1 | 1 | 1 | 1 | — | |
| Trans. (1984) | 250 | 25 | 34 | 1 | 1 | 7 | — | |
| 100 | 300 | 1 | 1 | 1 | 1 | 1 | — | |
| 350 | 3 | 18 | — | 15 | 16 | 18 | — | |
| 260 | — | — | 20 | — | — | 27 | — | |
| | | | | | | | | |
| Option | Aug. | Nov. | Feb. | Aug. | Nov. | Feb. | | |
| BAT Inds. (1981) | 180 | 38 | — | 35 | 4 | — | 23 | |
| 300 | 50 | 18 | — | 12 | 18 | — | 48 | |
| 450 | 60 | 6 | 12 | 18 | 35 | — | 85 | |
| 600 | — | — | — | — | — | — | — | |
| Barclays (1989) | 325 | 72 | 77 | 67 | 2 | 8 | — | |
| 360 | — | — | — | — | — | — | — | |
| 385 | 82 | 42 | 48 | 17 | 20 | 25 | — | |
| 390 | — | — | — | — | — | — | — | |
| 420 | — | — | — | 29 | — | 43 | — | |
| Brit. Aero (1981) | 300 | 16 | 87 | 58 | 9 | 15 | 22 | |
| 360 | 4 | 16 | 82 | 38 | 35 | 51 | — | |
| 420 | 5 | 6 | 18 | 40 | 40 | 51 | — | |
| 480 | 1 | 2 | 4 | 90 | 90 | 90 | — | |
| 460 | 1 | 1 | — | 130 | 130 | — | — | |
| B.T. Telecom (1970) | 130 | 44 | — | — | 01 | — | — | |
| 160 | 30 | — | — | — | — | — | — | |
| 180 | 14 | — | — | — | — | — | — | |
| 160 | 16 | 86 | 30 | — | — | 7 | — | |
| 170 | 81 | — | — | — | — | — | — | |
| 180 | 6 | 11 | 19 | 11 | 14 | 15 | — | |
| 200 | 1 | 7 | 10 | 20 | 20 | 21 | — | |
| 220 | 1 | 7 | 10 | 20 | 20 | 21 | — | |
| 240 | 1 | 7 | 10 | 20 | 20 | 21 | — | |
| Imperial (1966) | 160 | 13 | 18 | 22 | 6 | 10 | 10 | |
| 180 | 41 | 10 | 16 | 20 | 22 | 25 | 40 | |
| 200 | 2 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 220 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 240 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 260 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 280 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 300 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 320 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 340 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 360 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 380 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 400 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 420 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 440 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 460 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 480 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 500 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 520 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 540 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 560 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 580 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 600 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 620 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 640 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 660 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 680 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 700 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 720 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 740 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 760 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 780 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 800 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 820 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 840 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 860 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 880 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 900 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 920 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 940 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 960 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 980 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1000 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1020 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1040 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1060 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1080 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1100 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1120 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1140 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1160 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1180 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1200 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1220 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1240 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1260 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1280 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1300 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1320 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1340 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1360 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1380 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1400 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1420 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1440 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1460 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1480 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1500 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1520 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1540 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1560 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1580 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1600 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1620 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1640 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1660 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1680 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1700 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1720 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1740 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1760 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1780 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1800 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1820 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1840 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1860 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1880 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1900 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1920 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1940 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1960 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 1980 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2000 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2020 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2040 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2060 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2080 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2100 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2120 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2140 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2160 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2180 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2200 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2220 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2240 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2260 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2280 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2300 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2320 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2340 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2360 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2380 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2400 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2420 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2440 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2460 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2480 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2500 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2520 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2540 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2560 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2580 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2600 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2620 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2640 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2660 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2680 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2700 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2720 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2740 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2760 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2780 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2800 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2820 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2840 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2860 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2880 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2900 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2920 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2940 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2960 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 2980 | 1 | 8 | 14 | 28 | 28 | 38 | 40 | |
| 3000 | 1 | 8 | 14 | 28 | 28 | | | |

Easier on early profit taking

Closing prices for North America were not available for this edition

The broad-based S.E. index closed 0.53 to 1.048.36 in a volume of 18.2m (15.6m) shares.

However, Construction firms were still a market focus, with Faisei gaining Y26 to 312, Kajima Y25 to 409 and Sato Kogyo Y41 to 377. Most Cements, Railways and Warehouses were higher.

Heavy Industrials, Motors, Banks and Drugs all closed mixed, but the Trading Houses, Steels, Oils and Foods fell.

The Straits Times Industrial Index lost 9.51 to 725.27 and the All Share index 1.42 to 260.43. The turnover was 11.4m (9.1m) shares.

Dollar stocks traded below
overnight New York closing
vels.
Swiss bonds ended firm in
oderately active trading.

GERMANY

Share prices closed with heavy
sses after a jittery, uncertain
ssion, but in fairly thin

A late rally led by a 92 cents
up in the Castlemaine to
7.74 pushed the All Ordinaries
up 1.9 to a further record
908.6.

One broker appeared to be
visiting Castlemaine for a client

The Commerzbank index of 60 leading shares, calculated at mid-session, was down 26.3 at 1,397.7, full 6 per cent lower than last Friday's record high of 1,486.2. Insurance company Allianz fell M 52 to 1,353.

| | Stock | July 11 | July 10 |
|-----|------------------|---------|---------|
| 1g. | Ranger Oil..... | 4.88 | 4.88 |
| 2g. | Read. St'house A | 20 1/2 | 20 |
| | Big Algon..... | 20 | 19 1/2 |

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| AUSTRIA | | | | GERMANY | | | | NORWAY | | | | AUSTRALIA (continued) | | | | JAPAN (continued) | | | |
|----------------------|-------|--------|--|--------------------|-------|--------|--|--------------------|-------|--------|--|-----------------------|-------|--------|--|--------------------|-------|--------|--|
| July 12 | Price | + or - | | July 12 | Price | + or - | | July 12 | Price | + or - | | July 12 | Price | + or - | | July 12 | Price | + or - | |
| Creditanstalt..... | 896 | -2 | | AEG-Telef..... | 177.5 | -0.9 | | Bergsma Bank..... | 139 | "10" | | Gen. Prop. Trust.. | 2.24 | +0.28 | | MHI..... | 597 | -1 | |
| Gesetz..... | 896 | -2 | | Allianz Vera..... | 1,553 | -6.5 | | Christiansen Bank. | 136 | +1.1 | | Hardie (James).... | 2.97 | +0.57 | | Mitsui Estate..... | 870 | -6 | |
| Bank für Sozial..... | 1,550 | -80 | | BAFV..... | 2,351 | -6.2 | | DanNoriske Cred .. | 141 | +1.6 | | Hartogen Energy Co. | 0.98 | cc | | Mitsubishi..... | 610 | -6 | |
| Internat'l..... | 1,550 | -80 | | Bayernbank..... | 225 | -2.3 | | Kosmos..... | 205 | +1 | | Nippon Yusen..... | 930 | -23 | | Yokohama Specie .. | 870 | -6 | |
| Deutsche Bank..... | 876 | -1 | | Commerzbank..... | 359.9 | -0.1 | | Lloyds Bank..... | 127.5 | -1 | | ICI Aust..... | 2.05 | cc | | Nihon Cement..... | 595 | -23 | |
| Steyr-Dampfer..... | 876 | -1 | | Disconto Bank..... | 359.9 | -0.1 | | Marine F.P..... | 0.14 | cc | | Oriental Yarn..... | 930 | -23 | | Oriental Yarn..... | 930 | -23 | |
| Bank für Sozial..... | 1,550 | -80 | | SHF Bank..... | 359.9 | -0.1 | | Old Ore Gold..... | 0.14 | cc | | Nippon Steel..... | 930 | -23 | | Nippon Steel..... | 930 | -23 | |

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|-----------------|-----|----|------------------|-----|------|---------------|----|----|
| Armstrongs Wild | 271 | 31 | Dresser | 421 | 24 | Kaneb Service | 11 | 14 |
| Barco | 272 | 31 | Dry Bones | 14 | 14 | Kaufman Bros. | 11 | 14 |
| Beck | 273 | 31 | Dun & Bradstreet | 81 | 62 | Kellough | 30 | 30 |
| Beck Oil | 274 | 31 | Dupont | 371 | 30 | Kemper | 30 | 30 |
| Beck Dry Goods | 275 | 31 | E-Systems | 321 | 32 | Kerr-McGee | 30 | 30 |
| Beck Drug | 276 | 31 | Eastco | 191 | 19 | Kerr-McGee | 30 | 30 |
| Beck Drug | 277 | 31 | Eastern Airlines | 9 | 9 | Kerr-McGee | 30 | 30 |
| Beck Drug | 278 | 31 | Eastern Gas & F. | 221 | 22 | Kerr-McGee | 30 | 30 |
| Beck Drug | 279 | 31 | Easton | 561 | 56 | Kerr-McGee | 30 | 30 |
| Beck Drug | 280 | 31 | Echlin Mfg. | 401 | 40 | Kerr-McGee | 30 | 30 |
| Beck Drug | 281 | 31 | Emerson Elect. | 721 | 72 | Kerr-McGee | 30 | 30 |
| Beck Drug | 282 | 31 | Emery Air Frg | 171 | 17 | Kerr-McGee | 30 | 30 |
| Beck Drug | 283 | 31 | Engelhard Corp. | 26 | 26 | Kerr-McGee | 30 | 30 |
| Beck Drug | 284 | 31 | Enghart Corp. | 25 | 25 | Kerr-McGee | 30 | 30 |
| Beck Drug | 285 | 31 | Ethyl | 341 | 34 | Kerr-McGee | 30 | 30 |
| Beck Drug | 286 | 31 | Evans Prod. | 11 | 11 | Kerr-McGee | 30 | 30 |
| Beck Drug | 287 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 288 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 289 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 290 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 291 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 292 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 293 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 294 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 295 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 296 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 297 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 298 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
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| Beck Drug | 304 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
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| Beck Drug | 318 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
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| Beck Drug | 321 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 322 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 323 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 324 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 325 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 326 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
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| Beck Drug | 332 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 333 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 334 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 335 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 336 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 337 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 338 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 339 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 340 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 341 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 342 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 343 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 344 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 345 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 346 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 347 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 348 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 349 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 350 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 351 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 352 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 353 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 354 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 355 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 356 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 357 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 358 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 359 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 360 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 361 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 362 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 363 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 364 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 365 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 366 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 367 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 368 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 369 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 370 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 371 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 372 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 373 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 374 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 375 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 376 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 377 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 378 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 379 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 380 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 381 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 382 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 383 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 384 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 385 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 386 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 387 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 388 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 389 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 390 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 391 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 392 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 393 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 394 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 395 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 396 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 397 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 398 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 399 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 400 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 401 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 402 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 403 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 404 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 405 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 406 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 407 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 408 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 409 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 410 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 411 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 412 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 413 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 414 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 415 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 416 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 417 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 418 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 419 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 420 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 421 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 422 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 423 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 424 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 425 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 426 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 427 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 428 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 429 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 430 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 431 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 432 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 433 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 434 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 435 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 436 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 437 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 438 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 439 | 31 | Exxon | 521 | 52 | Kerr-McGee | 30 | 30 |
| Beck Drug | 440 | 31 | Exxon | 521 | 52</ | | | |

| July 11 | July 10 | Stock | July 11 | July 10 | Stock | July 11 | July 10 |
|---------|---------|--------------------|---------|---------|--------------------|---------|---------|
| 51 1/2 | 51 | Morton Thelco | 37 1/2 | 37 1/2 | Scumbar | 27 1/2 | 28 |
| 28 1/2 | 29 1/2 | Motorola | 25 1/2 | 24 | Southern Asian | 87 | 88 |
| 34 1/2 | 35 1/2 | Multimedia | 60 1/2 | 59 1/2 | SCM | 46 1/2 | 46 1/2 |
| 18 1/2 | 19 | Munsingwear | 12 1/2 | 12 1/2 | Scott Paper | 41 | 41 1/2 |
| 54 1/2 | 54 1/2 | National | 25 1/2 | 25 1/2 | Sealed Air | 71 | 71 1/2 |
| 27 1/2 | 27 1/2 | Murphy Oil | 28 | 28 1/2 | Sea Containers | 40 1/2 | 40 1/2 |
| 28 1/2 | 28 1/2 | Nabisco Brands | 85 | 85 | Sasagite Tech. | 40 1/2 | 40 1/2 |
| 54 1/2 | 54 1/2 | Namco | 25 1/2 | 25 1/2 | Schaeffler | 40 1/2 | 40 1/2 |
| 19 1/2 | 20 1/2 | Nat. Dist. Chem. | 32 1/2 | 32 | Scaled Power | 25 1/2 | 26 |
| 55 1/2 | 55 1/2 | Nat. Dynam | 47 1/2 | 47 1/2 | Sealee (GO) | 57 | 57 1/2 |
| 54 1/2 | 54 1/2 | Nat. Fin. Svcs. | 25 1/2 | 25 1/2 | Sealed Air | 71 | 71 1/2 |
| 37 1/2 | 36 | Nat. Medical Cent. | 21 1/2 | 22 1/2 | Security Pac. | 31 | 30 1/2 |
| 48 1/2 | 48 1/2 | Nat. Semicond. | 12 1/2 | 12 1/2 | Service Master | 22 1/2 | 22 1/2 |
| 65 1/2 | 65 1/2 | Norand Mfg. | 42 1/2 | 42 1/2 | Shawmut | 25 1/2 | 25 1/2 |
| 63 1/2 | 63 1/2 | NOR Bancorp. | 55 1/2 | 55 1/2 | Shell Trans. | 27 1/2 | 27 1/2 |
| 26 1/2 | 26 1/2 | NYS | 30 1/2 | 30 1/2 | Sherrin Wmks. | 58 | 58 |
| | | NCB | 42 1/2 | 42 1/2 | Shirley Tech. | 43 1/2 | 43 1/2 |
| | | NCN | 51 1/2 | 51 1/2 | Signal | 40 1/2 | 40 1/2 |
| | | Network Systems | 21 1/2 | 20 1/2 | | | |
| 74 1/2 | 75 1/2 | New England E. | 11 1/2 | 11 1/2 | Skylark | 13 1/2 | 13 1/2 |
| 24 1/2 | 24 1/2 | NYS State E. & G. | 29 1/2 | 28 1/2 | Slattery Group | 85 | 85 1/2 |
| 61 1/2 | 61 1/2 | NY Times | 47 1/2 | 47 1/2 | Smith Int. | 8 1/2 | 8 1/2 |
| 77 1/2 | 77 1/2 | Renard Mfg. | 42 1/2 | 42 1/2 | Smith Kline | 34 | 34 1/2 |
| 49 1/2 | 48 1/2 | Niag. Mohawk | 20 1/2 | 20 1/2 | Sonoco Prod. | 27 1/2 | 27 1/2 |
| 55 1/2 | 55 1/2 | NICO Inc. | 54 1/2 | 53 1/2 | Spartan Pac. | 32 1/2 | 32 1/2 |
| 28 1/2 | 28 1/2 | Nike | 11 1/2 | 11 1/2 | Standard Pac. | 32 1/2 | 32 1/2 |
| | | NL Industries | 11 1/2 | 11 1/2 | St. Cal. Edison | 27 1/2 | 27 1/2 |
| 53 1/2 | 53 1/2 | Norfolk | 77 1/2 | 77 1/2 | Southern Co. | 31 | 31 1/2 |
| | | Norfolk South n | 88 | 88 1/2 | Spartan Pac. | 32 1/2 | 32 1/2 |
| | | Nrn Am Con | 84 1/2 | 84 1/2 | St. Louis Ry. | 15 1/2 | 15 1/2 |
| | | Nor. Pac. Philad. | 17 1/2 | 17 1/2 | St. N. H. Ry. Tel. | 41 1/2 | 41 1/2 |
| | | Northeast Util. | 12 1/2 | 12 1/2 | St. Paul Ind. | 37 1/2 | 37 1/2 |
| | | Nth Indiana PS | 17 1/2 | 17 1/2 | St. Paul Ry. | 15 1/2 | 15 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | S. Westn Bell | 88 1/2 | 88 1/2 |
| | | N West Airlines | 53 1/2 | 53 1/2 | Sperry Corp. | 51 1/2 | 51 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Sperry Corp. | 51 1/2 | 51 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Square D | 27 1/2 | 27 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Squibb | 71 | 69 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | St. Paul Ind. | 37 1/2 | 37 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Std. Brands | 23 | 23 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Std Oil Co. | 45 1/2 | 45 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Stanley Works | 28 1/2 | 28 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | St. Paul Ind. | 37 1/2 | 37 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Stevens J.P. | 21 1/2 | 21 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | St. Paul Ind. | 37 1/2 | 37 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Subaru Amer. | 150 | 152 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Sun Co. | 49 1/2 | 49 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Sun Co. | 49 1/2 | 49 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Super Value Str. | 41 1/2 | 40 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Synex | 64 1/2 | 64 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Synex | 6 | |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | 41 1/2 |
| | | Nor. St. Ind. | 54 1/2 | 54 1/2 | Tel. Comm. | 41 1/2 | |

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| NEW YORK | | Indices | | | | | 1989 | | Since Composite | |
|------------|---------|-----------|---------|---------|---------|---------|---------|---------|-----------------|-----|
| | | DOW JONES | | | | | High | Low | High | Low |
| July 11 | July 10 | July 9 | July 8 | July 5 | | High | Low | High | Low | |
| Industrial | 1357.70 | 1332.80 | 1381.81 | 1386.41 | 1354.46 | 1657.70 | 1184.56 | 1307.70 | 41.25 | |
| | | | | | | (11.1) | | (1.75) | (2.52) | |
| Home Ends | 80.45 | 80.41 | 80.22 | 80.35 | 80.08 | 80.45 | 75.97 | | | |
| | | | | | | (11.1) | (25.5) | | | |

| | | | | | | | | | |
|-------------------------|---------|---------|---------|---------|-----------------|---------|--------|--------|---------|
| Transp. | 678,97 | 664,12 | 668,54 | 677,20 | 678,96 | 687,86 | 655,03 | 674,96 | 10,5 |
| Util. | 167,78 | 167,42 | 168,70 | 169,68 | 166,29 | 167,78 | 164,54 | 167,78 | 12,8 |
| Unaff. Cos. | | | | | | | | | 11,5 |
| Trading/Inv. | | | | | | | | | 11,755 |
| POP | 127,790 | 108,180 | 99,060 | 83,670 | 62,450 | | | | (28.42) |
| ©Dav's High | 1843,84 | 1556,81 | | low | 1326,16 | 1515,30 | | | |
| | | July 5 | June 28 | June 21 | year ago approx | | | | |
| Industrial div. yield % | | 4.39 | 4.59 | 4.63 | | | | 5.04 | |

| | July 11 | July 10 | July 9 | July 8 | July 5 | 1995 | | Since Comp'n | | |
|-----------------------|---------|---------|--------|---------|------------------|--------|--------|--------------|--------|--|
| | | | | | | High | Low | High | Low | |
| Indust'n. | 212.55 | 211.70 | 210.29 | 211.58 | 212.27 | 212.47 | 136.24 | 212.47 | 3.62 | |
| Comp'n's. | 192.84 | 192.57 | 191.05 | 191.95 | 192.52 | 192.64 | 163.88 | 192.94 | 1.60 | |
| | | | | | | (11.7) | | (11.78) | (1.62) | |
| Industrial div. yield | | July 10 | July 3 | June 26 | year ago (price) | | | | | |
| | | 3.69 | 3.70 | 3.72 | | | | 4.82 | | |

| | | | | |
|-----------------------|-------|-------|-------|-------|
| Industrial P.E. Ratio | 11.99 | 11.98 | 11.97 | 10.85 |
| Long Gov. Bond yield | 10.26 | 10.44 | 10.60 | 12.31 |

| N.Y.C.E. ALL COMMON | | | | | Races and Falls | | | |
|---------------------|---------|--------|------|-----|---------------------|-------|-------|-------|
| 1985 | | | | | July 11 1986 July 9 | | | |
| July 11 | July 10 | July 9 | High | Low | Issues Traded | 1,993 | 1,984 | 1,999 |
| | | | | | Rises | 943 | 990 | 680 |
| | | | | | Falls | 610 | 565 | 825 |
| | | | | | Unchanged | 431 | 429 | 68 |
| | | | | | New Highs | 190 | 190 | 113 |
| | | | | | New Lows | 11 | 11 | 6 |

| | | 1985 | | | | | |
|-------------------------------|---------------|---------------|---------------|--------|---------------|---------------|---------------|
| | | July 11 | July 9 | July 8 | | | |
| | | | | | High | Low | |
| Metals & Minerals | | 1867.2 | 1855.4 | 1838.3 | 1868.3 | 2190.07 | 13.21 |
| Composites | | 2734.3 | 2734.1 | 2727.8 | 2733.8 | 2746.1 | 1.06 |
| MONTREAL Portfolio | | 154.49 | 154.55 | 155.50 | 155.95 | 135.96 | (.61) |
| NEW YORK ACTIVE STOCKS | | | | | | | |
| | | Change | | | Change | | |
| Thursday | Stocks traded | Closing price | Closing price | day | Stocks traded | Closing price | Closing price |
| | | | | | | | |

| | | | | | | | |
|----------------|-----------|-----|-------|----------------|-----------|-----|------|
| U.S. Financial | 3,524,700 | 56% | + 1/2 | Am. Lmbr. Int. | 1,543,500 | 25% | — |
| U.S. Am | 534,100 | 21% | — | Onco-Lmbr. | 1,215,500 | 74% | + 2% |
| Am Map | 2,151,100 | 42 | + 1/2 | Yates Indls. | 1,242,200 | 3% | — |
| M J Meigs | 1,578,000 | 55% | + 1/2 | Nashrop | 1,167,000 | 54% | + 1% |
| AT & T | 1,371,800 | 23% | — | Beatrice | 1,116,300 | 31% | + 1% |

| | July 12 | July 11 | July 10 | July 9 | 1988 High | Low |
|------------------------|------------|------------|------------|-----------|---------------|--------------|
| AUSTRALIA | | | | | | |
| AN ord. (1:100) | \$80.6 | \$96.7 | \$88.0 | \$92.2 | \$98.5 (12/7) | 715.6 (7/1) |
| Metals & Min. (1:1.30) | \$18.8 | \$19.0 | \$23.7 | \$26.7 | \$38.8 (2/95) | \$62.6 (7/7) |
| AUSTRIA | | | | | | |
| Credit Aktien (2:1/62) | \$8.48 | \$7.18 | \$7.77 | \$7.77 | \$10.75 (7/6) | \$6.21 (2/4) |

| BELGIUM | | | | | | |
|-------------------------|----------|---------|---------|---------|---------------|----------------|
| Brussels SE (1:1.60) | 2,537.81 | 2526.26 | 2539.34 | 2529.99 | 2584.12 (5.8) | 2526.72 (18.1) |
| DENMARK | | | | | | |
| Copenhagen SE (1:1.60) | — | 211.50 | 209.50 | (w) | 211.50 (11.7) | 155.44 (8.1) |
| FRANCE | | | | | | |
| CGAC General (3:12.82) | 219.80 | 218.3 | 216.2 | 216.5 | 235.1 (81.5) | 186.5 (6.1) |
| And Tendance (28:12.64) | 123.48 | 124 | 126.1 | 122.2 | 100.4 (31.9) | 100.1 (5.1) |
| GERMANY | | | | | | |
| FAZ Aktien (3:12.58) | 1476.48 | 1424.81 | 1471.57 | 1477.62 | 1625.76 (7) | 1372.53 (3.1) |
| Commerzbank (1:12.53) | 1337.7 | 1484.0 | 1576.8 | 1448.8 | 1465.26 (2) | 391.88 (5.1) |

| HONG KONG | | | | | | |
|------------------|----------|-----------|---------|---------|---------|----------------|
| Hong Sang Bank | 31.7.84 | 1615.78 | 1687.51 | 1676.41 | 1568.94 | 1647.88 (17.8) |
| | | | | | | 1220.24 (2.1) |
| ITALY | | | | | | |
| Sacis Comm Ital. | (1972) | 843.18 | 847.26 | 844.78 | 846.01 | 848.16 (12.7) |
| | | | | | | 226.56 (2.1) |
| JAPAN | | | | | | |
| Kikkawa Dow | 15.5.84 | 12,858.49 | 12854.1 | 15812.1 | 13021.8 | 16046.1 (6.7) |
| Kokuyo SE New | (4.1.86) | 1,848.36 | 1849.38 | 1857.35 | 1853.31 | 1857.55 (16.7) |
| | | | | | | 318.93 (4.1) |
| NETHERLANDS | | | | | | |
| ANP-CBS General | (1978) | 217.3 | 218.5 | 215.1 | 218.3 | 221.2 (5.7) |
| | | | | | | 185.6 (5.1) |
| ANP-CBS interest | (1978) | 184.5 | 184.8 | 181.3 | 183.5 | 182.1 (4.7) |
| | | | | | | 147.3 (4.1) |

| | | | | | | |
|-------------------------|--------|--------|--------|--------|---------------|---------------|
| NORWAY | | | | | | |
| SE Gold (4 1/3) | 825.73 | 850.87 | 821.44 | 828.81 | 846.07 (8/6) | 788.16 (2/1) |
| SINGAPORE | | | | | | |
| SE Straits Times (1956) | 728.27 | 734.79 | 745.04 | 747.48 | 852.05 (7/5) | 720.27 (12/7) |
| SOUTH AFRICA | | | | | | |
| SE Gold (20-9/7) | — | 861.7 | — | 908.8 | 1140.8 (15/4) | 828.11 (11/2) |
| SE Indust (18 9/8) | — | 1030.9 | — | 1007.7 | 1000.0 (11/7) | 787.1 (17/5) |
| PAIN | | | | | | |
| SE 28 (12-8/4) | 108.96 | 110.52 | 110.68 | 108.75 | 117.41 (4/2) | 101.46 (5/1) |

| | | | | | | |
|---------------------------|----------|----------|----------|----------|-----------------|----------------|
| WEDEN | | | | | | |
| McCobson & P (11.5B) | 1,324.7A | 1,222.22 | 1,293.25 | 1,285.82 | 1,495.88 (71.2) | 1,295.32 (5.7) |
| ZWITZERLAND | | | | | | |
| WissBank Corp. (81.12.4B) | 454.6 | 481.1 | 458.8 | 468.3 | 453.1 (8.7) | 889.7 (3.1) |
| WORLD | | | | | | |
| Capital Intl. (1.1.7B) | -- | 219.8 | 212.7 | 216.8 | 219.7 (10.7) | 184.6 (4.1) |

** Saturday July 6: Japan Nikkei-Dow 13,040.1, TSE 1,048.20.
 Base value of all indices are 100 except JSE GSE 400-255.7. JSE Industrial-

49.3%, and Australia. All Ordinary and Metals—500 NYSE All Common—36; Standard and Poor's—16; and Toronto Composite and Metals—1,000. Toronto Industrials based 1975 and Montreal Portfolio 41/75. † Excluding bonds. ‡ 600 Industrials plus 40 Utilities, 40 Financials and 20 Transports. a Closed. Unavailable.

۱۳۳۱/۱۰/۱۵

The newest name in financial management is already an outstanding success.

Today, there's a new name in financial management.
Allied Dunbar.

It's a company you already know because we're market leaders and one of Britain's largest financial management groups.

750,000 private investors have already entrusted over £3 billion to our care.

When we started in 1971 as Hambro Life, we were soon changing the face of the industry. We pioneered the Managed Bond Fund. We developed the first Executive Pension Plan. We revolutionised Whole Life Assurance and we created the Financial Management Programme - Britain's first fully integrated financial management service.

In fact over the years we've developed a positive approach to change. Some ignore it. Some adapt to it. We like to harness it - to take advantage of change to provide new and better services. So too with our change of name.

As Allied Dunbar we now bring together the services of:

Allied Dunbar Assurance -
Britain's largest Unit Linked Company

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Allied Dunbar & Company -
Private Banking Services

Allied Dunbar Provident -
Market leaders in Home Income Plans

Allied Dunbar International -
Banking and Investment for Expatriates

Allied Dunbar is a company of the highest quality and entrepreneurial drive. A company with proven money management ability which will meet the challenge of the future just as it has shaped the success of the past.

In short, the most dynamic, the most innovative, the most distinctive financial management group.



ALLIED DUNBAR

THE FINANCIAL MANAGEMENT GROUP

| | | | |
|----------------------------------------------------------------|--------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| Assurance PLC Swindon SN1 1EL 0793 282971 205.3 216.2 | Confederation Life Insurance Co. 50, Chancery Lane, WC2A 1HE 01-242 0282 | General Portfolio Life Ins. PLC Crossbrook St., Chesham, Herts. Postcode FK8 3JZ 0992 319771 -3.9 | Legal & General (U.A.) Kingswood House, Kings |
|----------------------------------------------------------------|--------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|--------------------------------------------------|

مكتبة ابن الصلح

مكتبة

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WEEKEND FT

Saturday July 13 1985

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

THE FIRST sign that all is not well is the army camp: khaki bell tents flanked by armoured cars where the motorway leaves Port Elizabeth and plunges into the dark green bush, with its cactus and orange-flowering aloes.

A few minutes beyond the bulbous, top heavy Hippo and Casspir troop carriers comes another extraordinary apparition. Beside makeshift homes of sackcloth and flattened tin cans, ghost-like creatures with white masks, wrapped in blankets, stare with wide eyes at the passing traffic. They are Xhosa youths; their white face-paint denotes the age of initiation; the shanty dwellings are proof of recent influx from the nearby "homeland" of Ciskei.

They are the latest arrivals in an unstoppable migration which for over a century has made South Africa's Eastern Cape province the turbulent frontier between black and white. In time they will meet into the shanty towns and dusty squalid townships. There they will join that mostly unemployed black urban proletariat whose struggle for jobs, housing, education and dignity has erupted into violence over the last 18 months.

This being South Africa, the struggle for emancipation is also in large part a struggle between white and black. It is not for the first time. The walls of the art gallery beside the bowling green in one of the white suburbs above Port Elizabeth are filled with 19th century paintings and prints which record the earliest meetings between two worlds. They show British Army Redcoats and white settlers moving north from the Western Cape in wary negotiation with Xhosa tribesmen moving south in search of new pastures or escape from the marauding impi of Shaka, the great Zulu chief.

For it was here, in the late 18th and early 19th centuries, that the traumatic clash of cultures and struggles for land and power, which has characterised South Africa ever since, really began. It took black more than a century after the initial Dutch settlement at Cape Town which first established limited white rule. "Cape Coloureds" to this day bear witness to early intermingling between Europeans and native "Hottentots" and "Bushmen."

Nothing similar took place in the Eastern Cape where white conquest was marked by a series of "kafir wars," the building of a chain of military forts and the settlement of over 4,000 English veterans of the Napoleonic wars in the 1820s. The old forts, the Port Beaufort, Grahamstown and Cradock, have developed into pleasant country towns, but the tradition of militancy is still alive in the surrounding black townships.

In retrospect the first spark was struck in December 1863 when the Department of Education and Training informed a young black teacher, Mr. Mathew Goniwe, that he was to be removed from his post to Graaff-Reinet, 100 kms away. Mr. Goniwe was not only a highly popular and dedicated teacher who was imprisoned in 1977 for four years under the suppression of communism act. He was also founder of the Cradock Residents Association (Cradora). To local whites he was an agitator. To blacks he was a champion of their fight for better housing, schools and amenities. His dismissal sparked off a school boycott which lasted 14 months and made Cradock a focus of protest and challenge to white authority.

On July 3 his mutilated body was found beside the Port Elizabeth-Grahamstown Road, one of four victims of what the black community in the Eastern Cape is convinced was murder by Latin American-style death squads linked covertly to the secret police.

A modern equivalent of Port Beaufort can now be found in the heart

Settlers and tribesmen first clashed in the Eastern Cape more than a century ago. Now, the area is once again the front line in the continuing struggle between black and white for supremacy. **Anthony Robinson** examines the background—and what the future might hold

South Africa, where two worlds collide



of Kwanobuhle Township, just over a mile from the Volkswagen plant in nearby Uitenhage. It is built on the burnt-out and bricked-up base of what was formerly a black-owned liquor store.

It has four square towers on the roof and beneath the parapet tumbled white conscripts play football or gaze with rifle in hand on a panorama of unpaved roads, piles of uncollected garbage, skeletons of cars, gutted beer-halls and libraries and the burnt-out homes of Black policemen, councillors and those described as "sell-outs" or "criminal exploiters of the people."

"Port Kwanobuhle" is surrounded by rolls of barbed wire and dusty space—an outpost of the occupying power in hostile territory. Violence and repression were not the only consequences of the white settlers who built up prosperous farms and flocks of mohair sheep. They were accompanied by missionaries devoted to civilising and educating the natives. The legacy of their activity can be seen today in two of the most important black educational establishments, Lovedale College and Fort Hare University through which have passed many of Africa's most accomplished intellectuals and leaders.

Local white academics, such as Michael de Jongh, senior lecturer in anthropology at the University of Port Elizabeth, believe that the heightened awareness of the virtues of education, the long history of black/white conflict, and the lowering of educational standards which accompanied the Bantu educational policies of apartheid, are all powerful

underlying factors which have helped to make the Eastern Cape the most politicised area in the country.

The subsequent development of the motor and other industries around the country's third largest port, Port Elizabeth, as well as East London, have also made it one of the most strongly unionised areas, a process encouraged in recent years by the adherence of major foreign employers such as Ford and General Motors to the Sullivan Code of industrial ethics with its emphasis on black advancement and equal opportunities.

It is no coincidence therefore that the Eastern Cape is one of the bastions of the banned African National Congress (ANC), whose imprisoned leader Nelson Mandela is a Xhosa prince, and of the banned Pan Africanist Congress (PAC), or that today it is a stronghold of the multi-racial United Democratic Front (UDF) and the rival "black consciousness" Azanian Peoples Organisation (AZAPO).

But if these are some of the historical factors which have made the Eastern Cape one of the most politically volatile areas of contemporary South Africa, the last two decades of relative economic decline and government neglect have created a fertile breeding ground for the unrest in black townships not only around the main towns but on farms and small rural towns throughout the area.

Ironically the decline of Port Elizabeth as the Detroit of South Africa began with new local content legislation introduced in the early 1980s. This was designed to encourage development of the com-

ponent industry by insisting on 66 per cent local content by weight. Suddenly the logistical advantages of proximity to a good port shifted in favour of closeness to local sources of steel, the state-owned Iscor steel plants on the Reef around Johannesburg and Pretoria. The Reef is also the main market for cars and trucks.

At the same time the creation of "independent" or "self-governing" black "homelands" as part of the grand apartheid strategy of Dr Hendrik Verwoerd and his successors was accompanied by industrial decentralisation policies which gave fiscal and other advantages to labour intensive industries setting up close to or inside the new homelands.

The combination of protectionism and incentives coupled with the vision of a growing Black market and the possibility of exports to the rest of Southern Africa led to an influx of Japanese and European manufacturers. They sited their new factories in the development areas, such as BMW at Rosslyn, north of Pretoria on the borders of Bophuthatswana or—as in the case of the South African licensee of Toyota—at Durban.

For the established motor industry, based on Ford and General Motors at Port Elizabeth, Volkswagen at nearby Uitenhage and Mercedes Benz at East London close to Ciskei, developments since the 1960s have created greater competition in an over-crowded market and the twin disadvantages of a 650-mile distance from both markets and steel sources.

In an attempt to atone for past neglect the government last month announced

the go-ahead for a R100m irrigation scheme which will bring water from the Orange River to the Eastern Cape's Great Fish River area on the border with the Ciskei. The scheme is being modified to create as many unskilled pick-and-shovel type jobs as possible.

Even so the new scheme is more likely to provide jobs for the unemployed of the Ciskei, whose own investment incentives have also diverted funds from the Eastern Cape, than touch the massive unemployment problem around Port Elizabeth and elsewhere which is almost universally recognised to be the most urgent ingredient behind the unrest.

Officially 15,000 Blacks are registered as unemployed in the Port Elizabeth/Uitenhage area. But Mr. Lou Wilkins, the outspoken American managing director of General Motors, paints a more alarming, and realistic, picture.

"My information is that there are around 400,000 Blacks in the townships surrounding Port Elizabeth of whom maybe 120,000 are in a squatter camp. Countrywide some 50 per cent of the black population is under 16. Take out the old as well and in this area you have an employable population of around 150,000. The car industry employs around 30,000, total employment is between 50-60,000. What is needed is over 80,000 jobs—now."

According to some unofficial estimates by local academics the black population in the area is increasing by as much as 14 per cent annually through a combination of high birthrate, illegal influx, from the Ciskei and elsewhere, and the effect of the drought which has pushed black

families off the farms. The illegitimacy rate in the over-crowded townships is believed to be a staggering 60 per cent, an indicator of the breakdown in family life and discipline, especially among the young who have been in the forefront of school boycotts and violent protest.

In a word, the black townships of the Eastern Cape had all the makings of a tragedy waiting to happen. It did on March 21 when police in armoured cars shot and killed 29 mourners going to a funeral—on the 25th anniversary of the Sharpeville massacre. The killings at Langa near Uitenhage sent shock waves around the world and the Government set up a commission of enquiry under Mr Justice Donald Kannevimer. His report on June 11 was a severe indictment of police methods and attitudes.

But neither world attention nor the Kannevimer Commission has stopped the toll of death and injury. In the four months since Langa more than eight times as many blacks have been killed in inter-community violence or clashes with the police in the Eastern Cape than died in that one tragic incident.

But despite the violence and death of recent months, black, white and coloured co-exist side by side at the Volkswagen and other plants. Quality of production is high, black shop stewards meet regularly with management, the companies obey their respective EEC or Sullivan employment codes, fund black schools and training facilities and act as good corporate citizens.

Without them things would be much worse. For all races the factories seem islands of sanity, rationality and goodwill in an external world, which, for most blacks at least, is full of bitterness, frustration and the responsibility of feeding not only the immediate family but hungry neighbours too. The factories seem to represent a buffer zone, one of the few points of personal and official contact in an otherwise frighteningly polarised society.

After the Langa shootings whites stocked up with guns and ammunition. But violence has remained mainly limited to the townships. Unemployment, high taxes, inflation and new conservation laws affecting white immigrant youths—not fear of black revenge—are the reasons whites give for thinking of emigration or leaving the area.

But it would be foolhardy for whites to enter the black townships unless accompanied by a known and respected black community leader. Even they confess to growing concern about their ability to contain and control the bitterness inside the largely unpaved and unlit shanty towns.

The credentials of my guides were impeccable—30 years on Robben Island for conspiracy and membership of the Pan African Congress. Everywhere we went suspicious and hostile glances changed to broad smiles and "black power" salutes—even from barefoot children as young as three or four.

My guide kept up a constant commentary as we drove through the townships: "What we looked for after Langa was a clear sign of contrition from the whites, an apology from President Botha. It did not happen. Instead they continue to shoot."

"At first we hoped the army would be better than the police. But they go around at night and beat up our people and steal their liquor just the same. We are tired of funerals. We are still burying four or five people every week from the violence."

"We don't want to hate the Whites. We want to talk. We've suffered too much. But they have to talk to our real leaders and not means releasing them from prison first."

"If they don't we old men will no longer be able to control the young. God knows where it will end."

The Long View

The profitable art of playing percentages

WHEN turmoil threatens important sections of the financial services industry—as it does, at present, the Stock Exchange and life assurance marketing—it is vital to remember the Law of Commissions. Those who break or ignore it are normally doomed to extinction, or at any rate to the breadline.

The Law states that success in financial services businesses is achieved most readily when those operations are structured so that charges take the form of a small percentage commission on large sums of money.

It further lays down that wherever it is thought necessary to charge high rates on small sums, this must be disguised in one way or another. At all costs, such businesses must avoid charging a flat fee for work actually done.

The theory behind the Law is simply that clients must have their attention distracted from the absolute size of a fee—in case they might idly calculate, for instance, that it represented £250 per man-hour—and must be encouraged to view it as a small proportion of a much larger whole. There is in any event an upper limit: Mister 10 Per Cent can just about earn a living, but Mister 30 Per Cent is a non-starter. And, clearly, the smaller the percentage, the better.

Consider, for instance, all those money market firms which prosper on commissions such as 1/64th per cent. It might not sound very much, but 1/64th per cent of \$10m is something over \$1,500 which is not at all bad for a simple routine transaction.

Barry Riley on the Law of Commissions, which postulates that a little can go a very long way when the amounts involved are big enough; and never, ever should businesses charge a flat fee for work that's actually done.



Sotheby's. The ingenious solution was to add a buyer's premium to the selling commission, thus complying with the second provision of the Law.

As for the Stock Exchange,

the marginal commission rate on a £1m gilt-edged deal is 0.1125 per cent, although because of a graduated rates structure a bargain of that size would cost nearer £1,400 than £1,125. Institutional investors

accepted these commission rates for years (indeed, they used to be considerably higher) but the protests have grown.

Some awkward customers began asking why commissions of several thousand pounds were required for routine

bargains involving a few telephone calls and a bit of paper shuffling. After all, the broker's costs are little, if at all, higher for a big transaction than they

are for a small one.

The Stock Exchange can argue that a percentage commission scale provides an effective cross-subsidy for the small investor. But quite apart from the question of whether the private client ought to be cushioned in this way, the more tangible result in practice has been to draw nearly all the cleverest and most ambitious stock market practitioners into the institutional client sector, because that is where the big profits are to be made.

Much the same phenomenon is to be observed in the housing market, where estate agents and solicitors commonly charge on the basis of a percentage scale. Again, it is not obvious that the work done in selling or conveying an expensive house is significantly more than in the case of a small, cheap one. But these firms are diligently complying with the Law.

There is scope for paying tip-service to the needs of first-time buyers. But the real point of the percentage scale system is that it enables such service firms to segment their market, and charge higher fees to their richer clients who are more willing to pay. What is a percentage point or two to people who have made a big profit?

Perhaps there is some merit, from the client's point of view, in giving the estate agent an incentive to gain a higher price. And you can argue that, allowing for the element of cross-subsidisation, it mostly comes out in the wash. But there are instances where the percentage system actually seems designed to act against the client's interest.

Closer to everyday life, there is the anomaly of insurance brokers. If the broker does a good job for his client by finding cover at a lower premium, he gets less commission for his pains. Putting it the other

way, he would get paid more for doing a bad job.

True, he is also hoping to build goodwill, which will generate repeat business over the years. And anyway, insurance brokers are supposed to follow a code of conduct that overrides the crude financial incentive. But how much more straightforward the relationship would be if the client paid a direct fee.

To accept a fee would, of course, be to break the Law of Commissions. Insurance brokers comply in this respect, but not so vigorously in another, because the commissions are often very large. This applies especially to life assurance where, on some kinds of long-term savings contracts and pension plans, the commission can run to 30 per cent of the first year's premium.

Until now, insurance brokers have got around this problem by the simple expedient of not telling their clients (though they are supposed to if the client asks, which he hardly ever does). But government legislation on investor protection, promised for the autumn, poses the eventual threat of compulsory disclosure. This, the life assurance industry is convinced, would be highly damaging to sales.

The course of action indicated by the Law would be to devise a way of charging a lower percentage commission on a larger sum. Accordingly, one solution being discussed is that the industry should scrap the system of heavy front-end loading and charge, say, 10 per cent a year for 10 years.

Naturally, insurance brokers are not exactly full of enthusiasm at such a deferral of their cash flow. They would much rather fight to avoid disclosure in the first place. But this would be a risky course, for eventually the Law will catch up with them.

ATTENTION INVESTORS WITH A MINIMUM OF £5,000 TO SPECULATE

How an LHW client turned £5,500 into £10,565 in just thirteen days



A message from Col. John E. Lockwood MBE

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Case History One

Mr. P. C., a Managing Director, has been trading in financial futures since 24.5.85. He speculated £5,500. On 6.6.85 (thirteen days later) he realised £10,565—that's £5,065 profit.

Case History Two

Mr. D. G., a businessman, has been trading in sterling. On 21.6.85 he speculated £9,600 and by 9.7.85 he had a profit of £2,500.

Case History Three

Mr. M. S., a businessman, started trading in currencies with £5,000 on 28.5.85. By 9.7.85 (that's six weeks later) he had a profit of £4,860.

Case History Four

Mr. P. R., a butcher, started trading in currencies with £7,700 on 21.5.85. By 9.7.85 he had a £4,710 profit.

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Merger of oil rivals will boost financial muscle

THE RECENT burst of takeover activity in the oil sector has largely been confined to fairly small deals but this week an agreed £188m merger between Saxon Oil and Charterhouse Petroleum, two fairly young North Sea oil rivals, will create one of the largest independent groups in the UK with interests in 71 North Sea blocks.

The announcement surprised the market although the companies fit together so well that many of the analysts attending the joint presentation on Thursday evening must be kicking themselves for not putting up the idea before.

There is hardly any overlap of oil acreage and the exploration and development projects mesh well. Tax considerations obviously feature and here too Saxon and Charterhouse are an almost perfect fit. Saxon's development costs set against Charterhouse's production should mean little in the way of tax bills for at least the rest of this decade. Also Charterhouse's strong cash flow should easily support Saxon's development expenditure. Shareholders in the latter must have been wondering if a rights issue was on the way to fund the development of the Miller field.

Yet the reasons for merging go deeper than the neat fit. To succeed in the UK oil scene companies need to gain size. Drilling in the less hospitable parts of the North Sea is getting costlier and riskier. It needs financial muscle on the scale of the new look Saxon Petroleum (the Charterhouse name disappears) to tackle new developments with confidence and to spread the risk beyond this country's immediate waters by pushing into overseas fields.

There will be more deals to come from the oil sector as the smaller groups realign and indeed it would not be surprising to see Saxon looking for further takeovers in three to six months time, once the two groups have bedded in together.

The market took quite a knock earlier but the merger has the bad case of pneumonia that some of the pessimists had predicted, the setback proved no more than a bout of hay-fever. On Tuesday the All-Share Index fell by over 1 per cent to under 600 on the back of some dreadful money supply figures suggesting that rampant inflation might be lurking around the corner.

The figures should be treated with a fair degree of caution but foreign exchange dealers seemed in no mood to hesitate and there was a rush into sterling which left it standing at its highest level for two years against the D-mark.

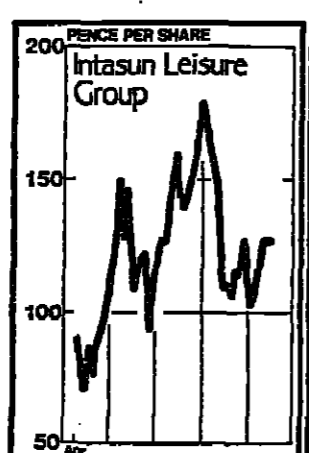
Yet despite the strength of the pound it appeared that the savings are not expected to come through until 1986.

LORRHO has never been one of the market's favourites. Grabbing the headlines with threats of legal action has tended to make the institutions fear that not enough time is spent on the core businesses.

However, the unwinding of the eight year long saga of the House of Fraser ought to be reassuring in the regard. The international trader is expected to produce £85m for its interims due on Thursday. As much as £10m of this could come from the House of Fraser but the underlying rise from £53m last time to £75m should be good enough to convince the doubters.

The contribution from the UK and the U.S. is expected to have risen further (it was 43 per cent of profits last time). The gold price has strengthened marginally but the poor position of the rand will not help mining results. However, VAG (the UK Volkswagen distributor) has done well and the first time contribution from the international Sporting Club should also help.

During the final stages of the bid for Initial, BET said that its 34 million shares would be higher figure of about £105m when the results are released on Thursday.



Intasun Leisure Group

authorities were determined to hold interest rates until a clearer picture could be established as to what exactly was happening on the monetary front. High interest rates and a strong pound are not good news for corporate profitability and understandably analysts were taking a cautious line on some of their earlier profit projections.

However on Thursday the Bank of England flagged lower rates and the All-Share picked up to 597.79 as the market anticipated half point cuts by the clearers yesterday morning. The bankers kept the brokers waiting and the week ended in uncertainty as the market slipped away.

The business of supplying electronic information is becoming increasingly competitive and it is clear that you have to be a heavyweight if you still want to play the game in the 1990s. So Exco, the financial services operation, has decided to opt out while it is still ahead and take a very fat profit on its stake in Telerate, the U.S.-based information group.

Exco is selling its entire 52 per cent holding to Dow Jones and a private U.S. company, Oklahoma Publishing, for £24.6m. After a small (relatively) cheque to the tax man for capital gains Exco has banked £230m.

Yet far from saluting the transaction as a highly profitable asset coup, the stock market has got decidedly nervous, which, in part, seems a little perverse. In the past analysts have fretted over the group's high gearing and now that it has liquid resources of around £360m they have become uneasy because they do not know how John Gunn will spend it.

But while Telerate may be a step beyond Exco's core business of financial services it did

add a touch of glamour that other divisions, such as money and stock broking, lack. If the group's cash balances are offset against its market capitalisation then the group is now valued on a prospective p/e of little more than 8.

Viewed from the angle Exco could be takeover target but that cash is unlikely to sit in the bank rolling up interest for very long. John Gunn has the resources to make a significant strategic move. But which way will he jump?

Perhaps he will revive his interest in owning a U.S. stockbroker. The last attempt to get a foothold on Wall Street was aborted but that does not mean Exco could not try a different partner and a U.S. house would round off the group.

There are also some thoughts that it could get closer to British & Commonwealth Shipping which has a stake in Exco and Telerate and would give Exco some banking exposure. B & C would, at least, come on a realistic earnings multiple which is more than can be said for some of the stockbroking firms that other financial service groups have purchased.

When a company such as Intasun can make as much exceptional profit from the sale of two aircraft as it can from a whole year's normal trading activities, reported profits are always worth a second glance.

The package tour operator, run by the ebullient Harry Goodman, reported pre-tax profits of £24.5m against £16.5m. But if aircraft sales and profits on the sale of listed investments are stripped free, the underlying profit last year drops to £11.76m—a fall of 30 per cent.

The company has actually performed better than many of its competitors, as Mr Goodman is quick to point out, and there is no stopping the optimism. While tour operators are expected to see a decline of 12 to 15 per cent this year, Intasun is forecasting a rise in passenger traffic of 3 to 5 per cent.

The increase, however, will not translate into much better profits. Mr Goodman is predicting profits similar to the year just reported which suggests an underlying decline to £10m or so after adjusting for £15m on three further aircraft sales.

But the growth will resume in 1986 and the analysts are reading their projections correctly. Forecasts are already in the market for £17.5m pre-tax though clearly it would not take much to ground such expectations.

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The great shake-out that wasn't

THE GREAT shake-out predicted by USM sages to occur in the fashionable marketing sector as soon as the USM went into reverse has not happened. As one would expect, these glamour stocks have fallen by more than the market because they have little yield to protect them. They have also been hit by a string of unfortunate incidents that have given one or two of the individual companies a beating. But this does not add up to a major retreat, and parallels with the ill-fated electronics sector are not apt.

"I hate it when people compare this sector to computers, as the market is quite different," complains Neil Blackley, marketing analyst at James Capel. "The ratings have come back a long way. The sector got overheated short-term, but has now fallen too far."

The USM's marketing companies are a disparate bunch, taking in everything from design to PR. But within the group there is a homogeneous sub-sector of companies engaged in the super-growth business of sales promotion.

The USM has been a magnet for these companies; and with the latest arrival of FKB this week, three out of the four largest sales promotion firms in the UK are now quoted on the market.

USM analysts, who needed to have the ins and outs of sales promotion carefully explained to them when KLP came to the USM two years ago, listened to FKB's explanation this week of what it does with knowing and approving notes.

For the uninitiated, sales promotion covers everything that encourages people to make a

purchase, save advertising itself. If that sounds vague, it is because the range of activities included under the sales promotion umbrella is so broad. The sales promotion market is estimated to be larger than the advertising market itself. According to the Institute of Sales Promotion, £5bn was spent in the UK last year, and of that only £300m was passed through specialised agencies. Not only is the total market growing, the share of the agencies is rising as companies are doing less and less of the work in-house.

Given the growth prospects, the high ratings applied to the USM's sales promotion companies appear well deserved. A price earnings multiple of 25 attached to FKB—the highest multiple for a newcomer since the new issue market started to look sick a couple of months ago—has so far been received with

enthusiasm in the City; and, failing a sharp fall in the market, the shares are expected to open at a premium when dealings begin next week.

This confidence partly reflects the fact that the multiple is historic, calculated on last year's profits which, at £259,000, compare to only £40,000 two years ago. On the assumption that the growth rate slows to about 50 per cent this year, the prospective multiple would fall comfortably back into the teens.

The price seems to be in line with the two comparable sales promotion companies on the USM—KLP and Holmes and Marchant, both of which are now on historic ratings of about 25 after having seen their prices drop back in the past month.

On the marketing side, Alexander Shand has had difficulties in its civil engineering division in the second half and Berrit

and Wolfman has been hit by falling tungsten prices. The only significant bright spot appears to be the healthy performance of Pandrol, which makes railway track fasteners, but this is unlikely to prevent profits falling to £16m from £37m the year before.

The 130,000 or so new shareholders in ABBEY LIFE should find few surprises in the company's interim statement for 1985, due on Thursday, given that the prospects were clearly spelt out in the prospectus.

Lucy Kellaway

MARKET HIGHLIGHTS OF THE WEEK

| | Price | Change | 1985 | 1985 |
|------------------------|---------|--------|---------|-------|
| | on week | High | Low | |
| F.T. Ordinary Index | 926.0 | -29.7 | 1,024.5 | 923.1 |
| Assoc. British Ports | 290 | +22 | 295 | 180 |
| Charterhouse Petroleum | 80 | -8 | 112 | 80 |
| Christies Intl. | 215 | -40 | 321 | 212 |
| Clay (Richard) | 144 | +45 | 144 | 93 |
| Garanada | 148 | -22 | 201 | 148 |
| ICI | 699 | -48 | 880 | 697 |
| Imperial Group | 164 | -23 | 218 | 162 |
| Lucas Inds. | 288 | -27 | 340 | 246 |
| Peritend Inds. | 745 | -55 | 810 | 285 |
| Pericom | 58 | -22 | 163 | 55 |
| RMC | 368 | +18 | 404 | 344 |
| Rank Organisation | 353 | +28 | 372 | 288 |
| Reuters B | 293 | -23 | 398 | 290 |
| Rothmans Intl. | 130 | -36 | 200 | 130 |
| Saxon Oil | 350 | +45 | 500 | 305 |
| Shell Transport | 675 | -25 | 795 | 645 |
| Slebe | 575 | -37 | 633 | 495 |
| Smith Bros. | 139 | +15 | 140 | 92 |
| Tarmac | 320 | +22 | 322 | 278 |

Sterling undermines exports prospects
Joint venture with Rosehaugh
Merger with Saxon Oil
Adverse press comment
Bid from McCordale
Disappointing interim statement
Sterling/dollar considerations
Int. results/lack of Hojo sale news
Persistent profit-taking
First-half deficit
Call for roads, building repairs
Better-than-expected int. results
Telerate competition fears
Annual profits well below estimates
Merger with Charterhouse Petroleum
Inconclusive OPEC meeting
£55m rights to fund acquisition
Stake build-up speculation
Possible sale of Plascom sub.

Unlisted Securities Market

On the marketing side, Alexander Shand has had difficulties in its civil engineering division in the second half and Berrit and Wolfman has been hit by falling tungsten prices. The only significant bright spot appears to be the healthy performance of Pandrol, which makes railway track fasteners, but this is unlikely to prevent profits falling to £16m from £37m the year before.

The 130,000 or so new shareholders in ABBEY LIFE should find few surprises in the company's interim statement for 1985, due on Thursday, given that the prospects were clearly spelt out in the prospectus.

Lucy Kellaway

Terry Povey
Richard Tomkins
Stefan Wagstyl

| Company | Announce- due | Dividend (p) | Last year | This year |
|-------------------------------------|------------------|--------------|-----------|-----------|
| | | Int. | Final | Int. |
| FINAL DIVIDENDS | | | | |
| Anderson Strathclyde | Wednesday | — | 0.5 | — |
| Marling Adams Trust | Thursday | 1.2 | 4.0 | 1.55 |
| Bersford Group | Tuesday | 0.25 | 0.75 | 0.25 |
| Bevan, D. F. (Holdings) | Tuesday | — | 10.0 | — |
| Botolph Claydon Investments | Tuesday | 1.25 | 2.25 | — |
| Black Arrow | Friday | 4.0 | 12.5 | — |
| Bristol Evening Post | Thursday | 0.25 | 0.65667 | 2.5 |
| British Woodstock Agency | Monday | 1.525 | 2.8 | 2.1 |
| Bromsgrove Industries | Wednesday | 3.75 | 7.25 | 3.75 |
| Charter Consolidated | Thursday | 0.3 | 1.4 | — |
| Charnock Investments Trust | Friday | 1.0 | 1.0 | 1.0 |
| Cowan, de Groot | Wednesday | 2.5 | 3.9 | 2.75 |
| Crown House | Thursday | 1.1 | 2.55 | — |
| Devis Corporation | Thursday | 4.5 | 9.15 | — |
| Distillers | Wednesday | 1.6 | 3.4 | 1.92 |
| Dixons Group | Monday | 2.2273 | 3.8333 | 2.5 |
| Ellis and Everard | Wednesday | 0.3 | 4.0 | — |
| Fleming Technology Investment Trust | Wednesday | 2.5 | 7.5 | — |
| Greig Shipping | Thursday | 2.0 | 5.25 | 3.0 |
| Harris, Philip (Holdings) | Thursday | 2.09 | 5.51 | 2.3 |
| Halsbury & Co. | Thursday | 1.85 | 1.65 | 1.8 |
| HAT Group | Tuesday | 0.8 | 2.0 | 0.8 |
| Howden Group | Tuesday | 0.5 | 0.5 | — |
| Independent Investment Company | Tuesday | 3.0 | 8.0 | — |
| Johnson, Robert, Taylor | Friday | — | 3.0 | — |
| London and Assoc. Invest. Trust | Thursday | 0.82 | 0.78 | 0.6 |
| Lowell, G. F. | Monday | 1.2003 | 2.5508 | 1.6 |
| Marling Adams Trust | Wednesday | — | 1.0 | — |
| May and Hassell | Wednesday | — | 1.0 | — |
| Mayfair and City Properties | Wednesday | — | 1.0 | — |
| Mooring Investment Trust | Thursday | — | 2.125 | — |
| Multimedia Electronics | Tuesday | 1.05 | 1.6 | 1.1 |
| Normans Group | Tuesday | 0.8 | 0.75 | 0.9 |
| Parkfield Group | Friday | — | 0.8 | — |
| Rack Food Group | Monday | 1.0 | 2.0 | 1.2 |
| Ransom, William | Wednesday | 1.5 | 6.0 | 1.65 |
| Reynolds | Monday | 0.67 | 1.63 | 0.67 |
| Robertson Research | Thursday | — | 1.2 | — |
| Sakra International | Monday | 0.25 | 1.0 | 0.6 |
| Stoddard Holdings | Thursday | — | — | — |
| Stroud Riley Drummond | Tuesday | 0.75 | 1.5 | 0.75 |
| Sykes | Thursday | 3.5 | 5.4 | — |
| Tops Estates | Thursday | — | 0.5 | — |
| Triplex | Monday | — | 0.2 | — |
| Unigroup | Tuesday | — | — | — |

| Company | Announce- due | Dividend (p) | Last year | This year |
|----------------------------------------|------------------|--------------|-----------|-----------|
| | | Int. | Final | Int. |
| INTERIM DIVIDENDS | | | | |
| Alexander Holdings | Thursday | — | — | — |
| Automated Securities | Thursday | 0.48 | 0.78 | — |
| Cardiff Property Company | Wednesday | 0.5 | 1.15 | — |
| Channel Islands and Int. Invest. Trust | Thursday | — | 50.0 | — |
| Commercial Bank of Wales | Friday | — | 2.125 | — |
| Denmans Electrical | Monday | 2.3 | 3.4 | — |
| Dew, George (Holdings) | Thursday | 0.24157 | 0.675 | — |
| Dew, J. J. Holdings | Tuesday | — | — | — |
| Domino Printing Sciences | Friday | — | 0.7 | — |
| Electronic Machine | Friday | 0.61834 | 1.9872 | — |
| Essex Group | Monday | 0.75 | 1.3 | — |
| Glasgow Stockholders Trust | Friday | — | 0.6 | — |
| Kellogg Trust | Tuesday | 3.5 | 6.5 | — |
| Leighton | Thursday | — | — | — |
| Spencer Technology Holdings | Thursday | — | — | — |
| Trust of Property Shares | Thursday | — | — | — |
| Union Discount Company of London | Wednesday | 11.0 | — | — |
| Vanessa Securities | Tuesday | 3.0 | 5.5 | — |
| Yeoman Investment Trust | Thursday | 0.25 | 1.08 | — |

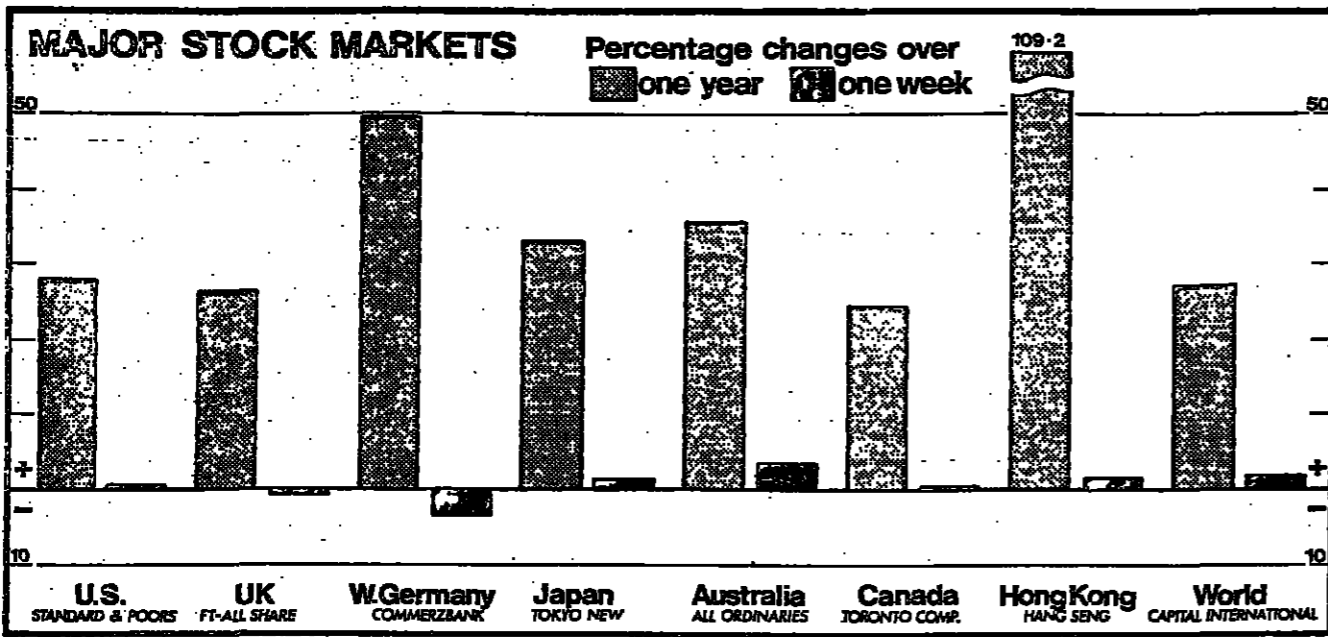
* Dividends are shown net pence per share and are adjusted for any intervening scrip issues. † Centre per share.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

| Company bid for | Value of bid per share** | Market price** | Price of bid before bid | Value of bid, £m** | Bidder |
|---------------------------------------------|--------------------------|----------------|-------------------------|--------------------|---------------------------|
| Prices in pence unless otherwise indicated. | | | | | |
| Applied Botanicals | 1155 | 11 | 41 | 0.88 | REA Higgs |
| Bell (Arthur) | 225 | 230 | 182 | 297.58 | Guinness |
| Capital & Cofes | 235 | 215 | 185 | 121.39 | Transatlantic Ins |
| Carr (John) | 943.5 | 90 | 88 | 64.03 | Rugby Pridl Com |
| Cartwright B. | 179.5 | 183 | 163 | 12.01 | Newman Tonks |
| Clay (Richard) | 135 | 144 | 98 | 12.25 | McCaeQuodale |
| Cole Group | 200 | 218 | 184 | 6.00 | Hartons Group |
| Debenhams | 332.5 | 337 | 327 | 483.44 | Burton Group |
| Gill & Duffell | 164.5 | 180 | 190 | 108.43 | Dalgety |
| IDC Group | 235.5 | 275 | 188 | 19.15 | Hall (Matthew) |
| Medan | 125 | 120 | 74.11 | 6.78 | BP |
| MFI | 251 | 250 | 258 | 207.52 | Assoc Dairies |
| Nottingham Man | 267 | 258 | 238.11 | 207.52 | Vantona Vitella |
| Petrolux | 561.5 | 76 | 81 | 13.51 | Aran Energy |
| Planet Group | 108 | 104 | 85.11 | 10.96 | Heywood Williams |
| Regentrest | 27.1 | 27.1 | 26 | 4.24 | Messrs R. & D. Richardson |
| Resource Tech | 52.5 | 52 | 40 | 6.94 | Inspirate Int SA |
| Sellin Court | 27.1 | 25.5 | 28.1 | 14.24 | Stomgard |
| Solicitors Law | 34.5 | 36 | 41 | 4.93 | Pergamon |
| Synterlas | 71 | 71 | 81 | 1.41 | ERB Group |
| Times Veneer | 20.5 | 24 | 49 | 1.41 | CDI Higgs |
| Towngate Sees | 311.5 | 320 | 37 | 1.67 | Milbank Dev |
| United Wire | 208.5 | 220 | 193 | 16.90 | Scapa |
| Yorkgreen | 15 | 13 | 10 | 1.70 | Talbot Group |
| York Trailer | 45 | 41 | 32 | 4.96 | Utd Parcels |

MARKETS



Brazil

Confidence grows as boom goes on

TRADITIONALLY dismissed as a paradise only for the speculators, the Rio de Janeiro and Sao Paulo stock exchanges are beginning to come into their own as legitimate investment channels for individuals and institutions alike.

Accompanying their increasing confidence and stability has been a meteoric, unbroken rise in the combined markets since 1982, making Brazil by many measures the best performer in the world.

In 1983, the Sao Paulo market—by far the larger of the two—showed a real gain in U.S. dollar terms of 120 per cent. Last year, the pace speeded up as the Bovespa index in Sao Paulo leapt by 442 per cent—double the rate of inflation.

And, despite a slow start in the first four months of this year, resulting from the uncertainties created by the change of regime in March and the subsequent prolonged illness and death of President-elect Tancredino Neves, the upward movement has continued.

In the first half, the Bovespa index was up by 117 per cent while the IBV index in Rio rose by 92 per cent. Inflation over the same period was 74 per cent.

Despite the gains of recent years, the stocks of major Brazilian companies remain remarkably cheap, especially when translated into hard currency terms. In theory, one

could last year have bought all the shares of Banco do Brasil (with assets of \$56bn, the 29th largest bank in the world) for \$1.3bn. The entire capital stock of Petrobras, the tenth largest non-U.S. corporation, could by the same token have been snapped up for \$2.4bn.

Although more than 1,100 companies are theoretically listed on the two stock exchanges, according to Brazil Capital Services, in practice only about 490 of them can genuinely be said to be publicly held. And, of those shares, only about half are traded on the exchanges on a typical day.

BCS, a largely British financial services company, estimates that about 60 per cent of the capital stock of publicly quoted companies remains in the hands of the founding families or groups. Of the rest, some 30 per cent is held by the public and the balance by institutional investors.

The total market capitalisation of publicly traded companies was put in 1983 at about \$25bn, small by comparison with most Western countries but still a healthy—and growing—percentage of Brazil's Gross Domestic Product.

Investors argue that the underlying reason for the strength of the Brazilian stock market over the past 3½ years has been the growing realisation by the public that it is the best link they have with the "real" economy, as opposed to

the topsy-turvy world of the financial markets. The only other choices are property and the black market dollar.

Certainly, the performance of individual sectors and shares would appear to bear out this view. Bank shares did exceptionally well in 1983 and 1984 at a time when the sector's profitability stood out in glaring contrast with recession-hit industry. These have now lost much of their lustre, although the majority state-owned Banco do Brasil was able to pull off quite a coup last year by raising more than \$100m through a share issue to the public handled by its own branch network.

In contrast, the glamour shares these days are in the booming areas of mining, steel and exporting in general, along with a few high-tech firms. Companhia Vale do Rio Doce (CVRD), the exceptionally well managed mining giant, in which the state retains a tenuous 51 per cent controlling holding, is a firm investors' favourite. Caemi, Sr Augusto Antunes' successful mining group, and Parapanema, the leading tin mining concern, have also been showing spectacular gains among the wholly private companies.

What restored the stock market's confidence earlier this year after its bad patch, and set it surging ahead again (the Bovespa index was up by 42.5 per cent in May and a further

52 per cent last month), was—as usual in Brazil—Government action. Signalling that it wished to strengthen the capital markets, the four-month-old civilian Government confirmed that sight transactions will remain free of any capital gains tax. Then, it opened the way last month for greater involvement by institutions such as insurance companies.

The cynics' view is that behind this boost lies the Government's intention to privatise—partly through the stock market—a significant number of prosperous enterprises now in state hands. No details have been revealed yet of the sell-off but, during the announcement last week of a major package of public spending cuts, the Government revealed that a total of 77 companies would either be closed down, merged or sold off.

But the present overriding priority for the Sarney Government is the need to bring inflation, now running at an annual rate of 220 per cent and declining gently, firmly under control. And this is having a mixed, confusing effect on the stock market.

The tight monetary policy in force is keeping real interest rates very high—in the 28 to 30 per cent-a-year range, in real terms, for working capital loans.

Andrew Whitley

THE PERFORMANCE of the dollar was the key to U.S. share prices this week as the second-quarter corporate earnings season got under way. Despite some very dismal news from several household names, share prices moved ahead for much of the week.

It started with all eyes on the misperceptions of the Federal Reserve's monetary policy. The previous week's poor employment figures had spurred hopes of another cut in interest rates, which had triggered yet another sharp jump in bond prices.

The meeting came and went; and although the markets are not ruling out the possibility that the Federal Reserve will be forced to ease its monetary grip to boost the flagging economy at some stage, attention has been switched to the sharp slide in the dollar.

Analysts have been saying for years that the dollar is overvalued but it has remained stubbornly strong and taken a desperate hold on the weaker members of the U.S. manufacturing community. Even the mighty General Electric, one of the best-managed industrial giants, felt duty bound to draw its shareholders' attention to the problems of the strong dollar, and the country's record \$130bn trade deficit, when it reported a mere 2 per cent rise

in its second-quarter earnings this week.

Over the past few weeks, however, the dollar has been heading downhill. It slipped below the DM 3 level at the start of the week and by yesterday morning was trading at DM 2.88. It is still higher than it was a year ago, but it is well down from the DM 3.40 level touched in the spring.

The change in the dollar's fortunes has communicated itself to Wall Street and overshadowed the nervousness in the U.S. credit markets about the Fed's interest rate intentions. The weekly money supply figures continue to be worse than expected, and given that M1 rose at a staggering annual rate of 19.6 per cent in June, many analysts believe the Fed is under pressure not to ease its monetary grip if it wants to maintain its credibility. The slide in the dollar should help the economy as much as another cut in the discount rate, is how the argument goes at present.

Against this rather confusing background, share prices

New York

All eyes on dollar

headed lower for the first two days of the week. By mid-week they had turned, however, and by Thursday evening the Dow Jones Industrial Average had tipped through its previous July peak and finished the day at a record 1937.70. The broader-based indices, such as the New York Stock Exchange (NYSE) Composite Index, also moved into new high ground.

The NASDAQ index, which tracks 3,750 smaller capitalised stocks in the over-the-counter market, topped the 300 mark on Thursday for the first time in 1985, closing at 300.52. Although this index is still 29 points short of its June 1983 peak of 338.91, it has risen by 21.5 per cent so far this year. This is just over twice the rise in the Dow Jones Industrial Average and compares with a 15.9 per cent rise in the overall market as measured by the NYSE Composite Index.

The only sector which can match the overall performance of the over-the-counter market is the transport industry, which was given a fillip this week by the news that Mexico was

cutting its oil price. Airline shares were particularly strong on the prospect of still-cheaper fuel prices. TWA shares, which have been as low as \$8½ on the past year, hit a new peak of \$21½ on Thursday.

Eastern Airlines, the Miami-based carrier headed by former astronaut Frank Borman, has been one of the prime beneficiaries of the lower oil price. A year ago, it seemed to teeter on bankruptcy; this week it reported second quarter earnings of \$25.5m compared with a loss of a similar magnitude last year. Wall Street appears confident that Eastern is well on the way to recovery. Its shares, which hit a low of \$3½ in 1984, were standing at \$9½ on Thursday evening.

For the time being, the stock market appears to have discounted the bad news on corporate earnings front. This week has seen several of the Dow Jones Industrial Average stocks report their second quarter figures. Aside from General Electric, which increased earnings per share from \$1 to \$1.50, International Paper reported a 53 per cent drop in earnings per share to \$0.10, and United Technologies posted a 68 per cent decline in its second quarter earnings to \$0.34 per share, which does not cover its dividend.

William H.

Mining

Successful revival

THE NAME Golden Dumps might not sound as glamorous as those of some of the other mining finance houses in South Africa, but it was at least an accurate reflection of the group's activities when it came into being a few years ago.

That is no longer the case, as Golden Dumps is operating two profitable producing gold mines, with a third waiting in the wings; but it is characteristic of the no-nonsense approach of the group's chairman, Lucas Pouroullis, that he has not bothered to change it.

Revising old gold mines is no easy task, as the recent problems at Witwatersrand and Nigel demonstrate, but there can be no denying Pouroullis' success in resurrecting the moribund Consolidated Modderfontein and South Roddepoort operations.

The latest quarterly reports from these two mines show lower profits than in the previous three months, with Cons Modder down to R11.2m from R2.8m; and at least both have managed to stay in the black, which is more than most people expected when they were reopened.

Cons Modder can attribute its poorer showing to a steep rise in operating costs, amounting to almost 15 per cent, while Rodde-

poort suffered from a decline in the average grade of ore mined from 4.87 grammes per tonne to 4.31 grammes.

Pouroullis was in London recently to explain that he has now turned his attention to Springs Daggafontein, which he will control through Cobra Emerald Mines once that company has completed a £20m rights issue.

At this stage, it would be folly to speculate on the prospects of this former producing gold mine, but it is worth pointing out that the operation is in an area which Pouroullis knows well—he started his career in South African gold mining there—and it is contiguous to Cons Modder.

The plan is to operate the two mines as one for internal purposes, and there are obvious benefits to be gained in terms of rationalisation.

The scheme has another distinct advantage in that, unlike a straight merger, it will not attract the attention of either the Government Mining Engineer or the Minister of Finance,

both of whom are becoming increasingly sensitive to possible losses of government revenue through gold mine mergers.

Turning from a comparative minnow of the South African scene to some of its more senior representatives, this week saw the publication of the quarterly reports from the mines in the Consolidated Gold Fields group. This group includes the big Driefontein Consolidated complex and Kloof, the two richest mines in South Africa, so it was unsurprising that the steep rise in operating costs across virtually the entire group caused some initial disappointment with the results.

Costs rose by an average of 10 per cent for the group as a whole. This was especially disturbing as the full impact of the recent 11 per cent pay increase awarded to white miners, and the likely level of around 20 per cent to blacks, with or without the threatened strike by the latter, will not be felt until the present quarter.

To put this into perspective, however, the bulk of the rise

was, in fact, attributable to a recent wage round. A R10m provision for holiday pay for its workers adds some 4 per cent to costs, while the rises in whites were phased in during the period, adding a further per cent or so.

Stripping these amounts reduces the real increases in group operating costs to around a much-less-worrying 4 per cent. The other big names in the news this week were Anglo American and De Beers Consolidated Mines, the twin pillars of South Africa's largest mini group.

In his annual statement, chairman of Anglo, Mr Sir Rely finally admitted defeat over the group's prospect activities in Australia, which have very little to show some 20 years of effort. The interest is now to be curtailed.

De Beers released first-half figures from its Cent Selling Organisation, which markets over four-fifths of the world's output of rough (uncut) gem and industrial diamond. Sharp fluctuations in current parities rendered interpretation even more difficult than usual but there seem to be solid grounds for De Beers' confidence that the market is steadier than it has been in several years.

George Milling-Stank

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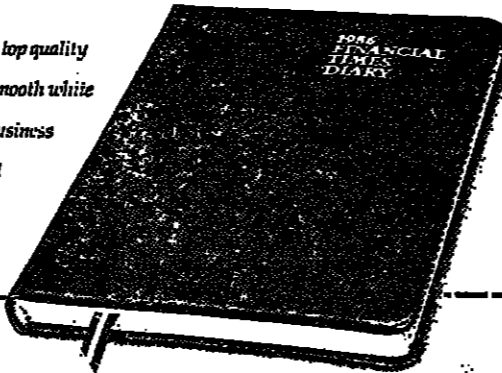
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Lazard Brothers & Co., Limited

Banking

Make the most of your overdraft

I NOTE from my records that our limit is due to expire and, in the circumstances, I shall be grateful if you will advise me of your requirements for the forthcoming year.

The gentle reminder from my bank manager about my overdraft was courteous, as ever, as that he failed to say, though, as that if I did have requirements for the forthcoming year, I would also be grateful to charge me for setting them up.

There was a time when overdrafts were arranged free of charge. But increasingly banks impose levy what they call "an arrangement fee"—a fee simply for agreeing to let you have an overdraft, on top of whatever they may charge you for actually making use of it.

Practices vary, however, as a quick poll showed this week. And it clearly pays to know your own bank's policy because you could save a few bob by trying to convince your manager that you are a jolly good customer, or by going elsewhere.

Of the six banks contacted, three charge arrangement fees, two do not, and one leaves it to their local branch manager.

The three who do are Barclays, Midland and National Westminster Bank. The first two charge 1 per cent of the overdraft limit. This means that a £10,000 overdraft will cost £100 a year. National Westminster charges 0.5 per cent.



asks 1.5 per cent for overdraft up to £5,000 with a £15 minimum (0.75 per cent beyond that up to £100,000), though branch managers are given some flexibility.

The two who do not are Lloyds Bank (though it reserves the right to if it wants) and the Trustee Savings Banks. The Co-op Bank charges between 1 per cent and 1.5 per cent, but the manager can waive it altogether for favoured customers. "It depends on local market conditions and the bank's relationship with the customer," said a spokesman.

The catch in the fee is that the banks view an overdraft not as the permanent arrangement we would all like but as

It sometimes seems strange that banks are so chary about overdrafts. It is, after all, loan business that walks in the door without any costly marketing effort on their part, so why discourage it even for creditworthy customers?

According to NatWest, the aim is not to discourage overdrafts, but to cover costs. The fee is supposed to meet the expense of interviewing the customer, entering the details in the computer and administering the overdraft.

There was a different view from the Co-op where the spokesman implied banks would rather you had a "structured" personal loan from them, so they do not try to push overdrafts. Apart from being more organised and easier to control, personal loans carry higher rates of interest, too, which is something else that needs to be taken into account when grumbling about the arrangement fee for an overdraft.

But will the arrangement fee last? Growing competition in the retail sector suggests it may not. It is no accident that the Co-op and the TSB do not insist on one: they represent the new challenge to the traditional clearing banks. Later on, the building societies may also get in on the act when new legislation is passed to allow them to make unsecured loans.

David Lascelles

The Leeds declares peace but it's war as usual elsewhere

PAX, CRIES the Leeds. We may have started the interest rates war, but now we are going to end it by withdrawing our Limited Edition account.

The claim sounds convincing at first. After all, how much longer can the big building societies keep on playing leapfrog with their interest rates, each capping the other's latest new account with an even higher paying product?

On closer inspection, however, it may still be too early to proclaim the peace. Building societies are still not attracting enough money from investors to satisfy the demand from borrowers. They estimate that they need to take in £800m a month to meet mortgage demand, but in June they took in only around £450m. This month the tills are ringing a bit faster, but still nowhere near the £800m level.

To take in more money, against fierce competition from the banks and from National Savings, the building societies have to keep increasing their interest rates and adding more features to their accounts.

In fact, far from being the first sign of peace, the Leeds announcement that it is closing the Limited Edition account appears simply to raise the stakes once more.

Building societies

90-DAY NOTICE ACCOUNTS

| | Balance | APR |
|--------------------------------|---------|-------|
| Halifax 90-day Xtra | £500 | 11.04 |
| Abbey National Higher Interest | £500 | 11.04 |
| Nationwide Bonus 90 | £500 | 10.51 |
| Leeds High Return Access | £500 | 10.51 |
| Woolwich Capital Account | £500 | 11.04 |

DEMAND ACCOUNTS

| | Balance | APR |
|----------------------|---------|-------|
| Halifax Instat. Xtra | £500 | 9.75 |
| Abbey Natl. 7-Day | £500 | 9.75 |
| Nationwide Double | £500 | 9.75 |
| Bonus | £500 | 9.75 |
| Leeds Liquid Gold | £500 | 10.00 |
| Woolwich Prime | £500 | 9.75 |

heavily promoted in Leeds branches, along with the society's instant access Liquid Gold account.

As its name makes clear, Limited Edition was always going to be closed after a short time. The betting is that the Leeds will very soon introduce a similar account to take its place.

As the Leeds leaves, National and Provincial steps in with a new Special Share. It offers a compound rate of 11.04 per cent. Limited Edition, the Nationwide Capital Bond, and Halifax 90 Day Xtra. Unlike

these it requires only 90 days notice.

The new account shows up how fine some of the distinctions are now in the savings market. Special Shares are exactly the same as N & P's existing Apex shares, but with two small differences: the premium that will be paid above the ordinary share interest rate is not guaranteed, and you may have instant access to your money if you invest more than £10,000.

It is only minor shades of interpretation that set apart the accounts offered by the big High Street building societies. For the most part, they follow each others' lead closely.

As the tables show, four of the five largest societies all pay 9.75 per cent on sums over £500 with instant access. Only the Leeds has a higher rate.

With 90 day notice accounts, the big five split. Two offer 10.51 per cent; three offer 11.04 per cent. Guaranteed premium accounts show less variation, but the societies differ in how much of their premium they guarantee. The Halifax, for instance, is currently paying 2.35 per cent above its ordinary share rate—but only 2.0 per cent of this is guaranteed.

George Graham

GUARANTEED PREMIUM ACCOUNTS

| | Balance | APR | Guaranteed premium | Length of guarantee |
|------------------------------|---------|-------|--------------------|---------------------|
| Halifax Premium Xtra | £10,000 | 11.03 | 2.0 | 3 years |
| Abbey High Rate Bond | £10,000 | 11.0 | 2.5 | 2 years |
| Nationwide Capital Bond | £500 | 11.04 | 2.5 | 3 years |
| Leeds Limited Edition | £5,000 | 11.04 | 2.5 | 2 years |
| National and Provincial Apex | £500 | 11.04 | 2.5 | 3 years |

Shareholding

High Marks and only a few sparks

"THIS QUESTION comes up every year," Lord Rayner said patiently in response to a shareholder's complaint that he spends his time "dashing from Uxbridge to Harrow to Watford branches of Marks and Spencer looking for size 18 to 20 for one wife, who is on the larger side."

Mr Harper of Pinner was just one of a group of shareholders who squeezed into the ballroom of the Royal Lancaster Hotel on Tuesday for Marks and Spencer AGM who had something to say to the chairman. One shareholder wanted to know whether she could have somewhere to feed her baby in the York branch, and another was invited that he could not get Cumberland pies in the Oxford Street store.

Mrs Madison from Coventry reported that her daughter from Australia had been angry to discover she could not reclaim VAT on her M and S purchases, while another small shareholder

wanted to hear the board's attitude towards Sunday trading.

Judging from the mood of the 1,100 shareholders who turned up to the meeting, Marks and Spencer is in no danger of losing the loyal support of its army of a quarter of a million shareholders. Almost all of those who spoke were full of praise at their company's progress, and many of the speeches were greeted with a burst of approving applause.

One shareholder remarked afterwards: "The chairman takes notice of shareholders' comments, and I think that he follows them up. It's not a question of us and them. We are all a part of the company."

The bulk of small shareholders present seemed to have inherited their shares or to have acquired them many years ago. None seemed to entertain any thought of selling the shares, under any circumstances.

A 50-year-old Dulwich housewife said she had inherited her shares from her mother, and planned to pass them on to her children. She felt loyal to M & S because she likes shopping there—although she did say that the clothes were not as good as they used to be.

"I don't buy them any more, and neither does my daughter," a retired Press Council member said that he had bought the shares 15 years ago because his aunt had recommended them. He thinks M & S is the best blue chip on offer: "Food and clothing will always be wanted, and Marks and Spencers is better than British Home Stores."

A scientist at United Biscuits bought them after a lecture on share ownership at the Industrial Society two months ago. She said that she looks at the price every day, and although it has dropped since she bought the shares she seemed confident that it would start to rise again soon.

Mr M. S. Reynoldson ("M is for Michael and S is for Stuart") is no beginner when it comes to finance. An experienced manager of an insurance company, he now buys and sells shares on the advice of his stockbroker son. But he has no plans to sell his M & S shares, no matter what his son says. "I think that they are the best shares you can buy. It is a really well-managed company."

One feature that pleases M & S's smaller shareholders is its frequent scrip issues, where shares are effectively subdivided by the issue of new shares. You get more shares, but the value of each share falls in proportion, so the value of your total holding remains the same.

One shareholder said that she liked the scrip issue because it meant that she had more to pass down to her children.

Mr and Mrs Jamieson from Kingston on Thames agreed that the frequent scrips were what they particularly liked about the shares.

"I wished someone had asked the chairman if we could have another," she said. "Don't be greedy, you've just had one," he reminded her.

A post office employee from Brixton had a clearer idea: "It's just paper, but it keeps the price down so that people aren't frightened away."

Shareholders do seem to take

Lord Rayner... "the same question comes up every year"

an interest in the company's progress and mood said that they read the annual report. "If I don't understand everything in the annual report, I ask nasty questions at the meeting," said Mr Reynoldson. He had asked no questions this time "in fairness to the new chairman. I'd like people to treat me like that if I had become chairman," he said.

A motion to enlarge the company's authorised share capital, was passed unanimously at the end of the meeting. Did shareholders know what they had just voted for? "Well, not really," admitted one shareholder. "But it's all in the book," he said, patting the annual report confidently, as he joined the mad scramble for the free packets of Marks and Spencers crisps being distributed along with the sherry.

Lucy Kellaway



56 investment managers had to come second —we were not among them...

For the twelve month period ended June 1, 1985 MIM, according to the Association of Investment Trust Companies and Planned Savings, were the best performing fund managers in Japan in three separate categories.

Japanese Investment Trusts
First out of seven (Drayton Japan) with a Net Asset Value of +20% (the other six averaged +8.8%)

Japanese and Far Eastern Exempt Unit Trusts
First out of eighteen (Montagu Far East Exempt) with an offer price of +32.4% (the other 17 averaged +15.3%)

Authorised Japanese Unit Trusts
First out of thirty four (Montagu Japan Performance) with an offer price of +33.3% (The other 33 achieved a weighted average of +7.4%)

Further information on what makes MIM come first can be obtained by calling: Stephen Barber on 01-626 3434



Accustomed to coming first

MIM Limited,
11 Devonshire Square, London EC2M 4YR
Telephone: 01-626 3434 Telex: 886108 MIM

If Roger the lodger moves in...

HOUSES DO not always match owners' income and needs. Self-employed people find that mortgage payments are easy when business is good but become a heavy drain when cash flow dwindles.

The wife who gives up a well-paid job to look after a baby discovers that home running costs increase as family income plummets. Death, divorce and retirement likewise deplete income.

At such times, moving may appear too traumatic a step. A lodger may seem an ideal solution. But before rushing out to advertise your empty room(s), ask a few questions.

Do you want a lodger for emotional, or financial reasons? If the former, compatibility is all important. Shareholders must fit easily into your home... and life style.

If it's income you are after, start short term with holiday-makers. The biggest demand is from May to October. Approach your regional tourist board. Prices for bed/breakfast start from £20 a week. Bed/breakfast, evening meal Monday to Friday and full board at weekends costs from £30 in Surrey; not much less in Wales; in London much more—and much harder to find.

Various agencies need room and board with families or foreign teenagers (and younger students). They advertise mainly through church bulletins and news letters. Usually, breakfast and evening meal are required, and the student goes out for part of the day.

If you enjoy your first foray as a landlady and want longer-stay tenants, you should provide meals, even if only a Continental-style breakfast. Such services exempt you from the Rent Acts. Your "guests" have no security of tenure, nor appeal against the rent.

Expenses which can be claimed against your income include repairs, maintenance, insurance premiums, management costs, rates, service charges and domestic help, laundry and meals.

When the property is sold, capital gains tax relief may be allowable up to £20,000 on that part of the house which was let. Gain on the rest, as a main residence, is tax free.

You may not want to provide even a Continental-type breakfast but prefer to turn part of your house into a self-contained flat. Any loan raised to construct such accommodation, if it

is to be let on a commercial basis, qualifies for tax relief. But take care.

If you are getting on in years, or have gone through some domestic crisis, you do not want hassle. Lodgers in a self-contained portion of your home may create it. Under the Rent Acts they have unshakable security of tenure.

There are two exceptions. One is holiday letting. The rules are that the holiday let

must be furnished, on offer for at least 140 days a year, actually let for at least 70 of them, and not occupied for more than 31 days at a stretch by the same person.

Holiday let income is treated as earned income, so it qualifies for the wife's earned income allowance of £2,205. Where a wife has no other income, this may be a useful relief.

The other exception is under sections 51-55 of the Housing Act of 1980, which introduced "shorthold": fixed term tenancies of between one and five years. Before the start of a shorthold tenancy in London a "fair rent" must be registered with the Rent Officer.

Any self-contained accommodation is assessable for capital gains tax when sold, but retirement relief of up to £100,000 may be allowable for someone who has reached 60.

If the rooms are not self-contained, and living accommodation is shared, a tenant does not have security of tenure even if the resident landlady or landlord provides no services or meals.

But the tenant can still apply for a "fair rent" which certainly won't yield the return on capital of a building society share.

You can try an offer to one of the educational establishments approved by the Department of the Environment who are allowed to let to students without Rent Act protection. They will sublet your rooms to their own applicants. Company lets are another possibility. Though the company itself can have a fair rent registered, it rarely does so.

The hurdles which face anybody who lets residential accommodation, namely security of tenure and rent control, and which account for the dwindling amount of private rented

accommodation in large cities, can by these circuitous routes, be partly circumvented.

Overcome them and you and your tenantry could be in for a pleasant future.

Irish Tourist Board, 150 New Bond St, W1. Tel: 01-493 3201.

Scottish Tourist Board, 23 Ravelston Terrace, Edinburgh. 031 332 2433.

Wales Tourist Board, 2 Fitzalan Rd, Cardiff. 0222 49909.

English Tourist Board, 4 Grosvenor Gardens, SW1. 01-730 3400.

London Tourist Board, 26 Grosvenor Gardens, SW1. 01-730 3450.

Shorthold Tenancies Housing (Booklet No. 8), Department of the Environment from council offices, CABs, etc.

Letting Rooms in Your Home (Booklet No. 4), Department of the Environment from council offices, CABs, etc.

Live and Let Dearden: Farrow, accountants, 1 Serjeant's Inn, EC4Y 1JD. 01-553 2000.

The Housing Rights Guide by Geoffrey Randall, published by SHAC, 189a Old Brompton Road SW5 0AR.

Jennie Hawthorne

This advertisement is issued in compliance with the Regulations of The Stock Exchange.

Nationwide Building Society

(Incorporated in England under the Building Societies Act 1874)

Placing of £20,000,000 11¹⁵/₁₆ per cent Bonds due 21st July 1986

Listing for the bonds has been granted by the Council of The Stock Exchange. Listing Particulars in relation to The Nationwide Building Society are available in the Exchange Statistical Services. Copies may be obtained from Companies Announcements Office, P.O. Box No. 119, The Stock Exchange, London EC2P 2BT until 16th July 1985 and until 29th July 1985 from:-

Fulton Packshaw Ltd.,
34-40 Ludgate Hill,
London EC4M 7JT

Laurie, Milbank & Co.,
Portland House,
72/73 Basinghall Street,
London EC2V 5DF

Rowe & Pitman,
1 Finsbury Avenue,
London EC2M 2PA

13th July 1985

Handwritten note: "مذاكرات المصارف"

FINANCE & THE FAMILY

Unit trusts

The gap between 'buy' and 'sell' prices

THERE ARE lies, damned lies, and unit trust statistics. But unit trust performance will in future be measured on a basis that more closely reflects the actual effect on the investor.

Money Management magazine, which (along with its rival Financial Planning) is the leading unit trust statistics, is changing the basis on which it calculates performance from "offer-to-offer" to "offer-to-bid".

A unit trust has two prices: the offer price, at which you may buy units, and the bid price, at which you can cash them in. The gap between these two prices is usually between six and seven per cent.

Traditionally, performance has been measured on an "offer-to-offer" basis; that is, from purchase price to purchase price. Although you pay the offer price when you buy, you will only receive the bid price, 6-7 per cent less, when you sell.

You might read in an offer-to-offer performance table that your unit trust had risen in value by 100 per cent. But when you came to sell your units, you would find that they were worth only 94 per cent more.

This would not matter greatly if the spread between bid and offer prices were the same for all unit trust management groups. Performance

THE BID/OFFER SPREAD

| Group | Average spread |
|------------------|----------------|
| M and G | 6.32 |
| Save and Prosper | 6.32 |
| Allied Dunbar | 6.37 |
| Barclays Unicorn | 6.25 |
| Henderson | 6.78 |
| Schroder | 6.42 |
| TSE | 6.20 |
| Brilliant | 6.43 |
| Mill Samuel | 6.29 |
| Target | 6.76 |
| Mercury | 5.72 |
| Abbey | 6.32 |
| Framlington | 6.41 |
| GT | 6.34 |

would be slightly overstated, but at least the relative rankings of different unit trusts would remain the same.

In fact, the range of bid/offer spreads is substantial, although the great majority are between 6 and 7 per cent. They can be as low as 0.5 per cent, or as high as 14 per cent.

The method of calculating bid and offer prices is laid down by the Department of Trade and Industry. Fourteen per cent is about as far apart as the two can go. The gap takes account of the 5 per cent initial charge when you buy units, and of

dealing costs related to the shares owned by the unit trust.

When new units are created by a fund's trustees, the full offer price according to the DTI calculation must be paid. Likewise, when units are cancelled, the trustees pay out only the DTI bid price.

But not all units are created afresh by the trustees. When the managers buy units in from one investor, they can hold them and sell them on to another, keeping any profits. "Box" profits, as these are called, allow managers to keep the bid/offer spread to the investor narrower than the full DTI spread.

The box provides, typically, around 30 per cent of the revenues of a unit trust group, but profits are much easier to make for groups with a large regular inflow of money from insurance and savings contracts.

Lawson Penny Share, whose bid/offer spread is a whopping 14.07 per cent, fares worst from the change in the calculation. In Money Management's sister magazine Unit Trust Management, where figures are still given on an offer-to-offer basis, the fund is shown as gaining 0.7 per cent over the last 12 months.

But on the offer-to-bid basis shown in Money Management, which reflects the investor's actual return—Lawson Penny

BEST PERFORMERS OVER FIVE YEARS

| Offer to offer | % | Offer to bid | % |
|----------------------------|------|-------------------------|------|
| 1. M & G Amer. Recov. | +362 | M & G Amer. Recovery | +332 |
| 2. EPM Tokyo | +334 | EPM Tokyo | +306 |
| 3. M & G Amer. & Gen. | +331 | MLA General | +296 |
| 4. M & G Amer. & Gen. | +319 | M & G American & Gen. | +294 |
| 5. Abbey High Income | +294 | Barrington European | +277 |
| 6. Barrington European | +253 | Abbey High Income | +271 |
| 7. Schroder Smaller Cos. | +239 | Schroder Smaller Cos. | +265 |
| 8. Henderson N. Amer. | +231 | Rishogate International | +260 |
| 9. Rishogate International | +230 | Framlington Am. & Gn. | +256 |
| 10. Henderson Japan | +229 | Framlington Am. Yrd. | +255 |

Source: Money Management and Unit Trust Management.

Share shows a loss of 11.8 per cent.

Lawson's entire stable of funds shows very poorly under the new method of calculation. The six funds have an average bid/offer spread of 11.43 per cent, and four of them have returned a loss over one year, offer to bid.

There are some divergences among the larger groups, too (see Table 1). Henderson has eight funds with a spread of over 8 per cent. However, it also runs a number of funds its European funds have a gap of only 3.2 per cent.

These wider spreads affect Henderson's showing in the performance tables. In the offer-to-offer table, Henderson North American and Henderson

Japan are ranked eighth and tenth respectively. But in the offer-to-bid table they are nudged out of the top ten by two Framlington funds with lower bid/offer spreads.

One category that will show up better under offer-to-bid measurement is that of gilt unit trusts. Most of these have a spread of 5 per cent or less.

While offer-to-bid statistics give a more realistic view of what the investor will actually receive, they would put unit trusts at a disadvantage when comparing their performance with a stock market index such as the FT All Share, which does not take account of the gap between buying and selling prices.

George Graham

Home extension options

Existing low-cost endowment of £21,000 at 14.5 per cent gross (10.15 per cent net)

| | | |
|----------------------------------------------------|-----------|-----------|
| Total gross monthly payment | £281.42 | |
| Total net monthly repayment | £205.30 | |
| Estimated lump sum payment | £21,862 | |
| | Repayment | Endowment |
| Gross monthly repayment | £278.86 | £21.25 |
| Mortgage protection premium/low cost premium | £2.56 | £29.77 |
| Estimated lump sum | nil | £21,862 |
| Total gross monthly repayment on both loans | £281.42 | £23.00 |
| Tax relief | £111.95 | £111.95 |
| Total net monthly repayment | £169.47 | £113.02 |
| Total premiums | £35.03 | £32.43 |
| Total net monthly cost | £156.46 | £170.46 |
| Estimated total lump sum payment | £21,862 | £45,724 |

WHAT SHOULD you do if you want to finance a home extension by a further advance on an endowment mortgage taken out before April 1984 when tax relief was still allowed on life assurance premiums?

Adjusting the mortgage by extending the term would not be advisable; this would be regarded by the Inland Revenue as a new policy, so the borrower would lose the original tax relief on the premiums. Similarly, replacing the mortgage with another covering the old loan and the further advance is not an attractive option as the borrower would again immediately lose the relief. So what are the options?

It depends very much on which society you borrow from—there are differences even among the five largest societies. The most appropriate option will vary according to the individual borrower's financial circumstances. It will also depend on whether you regard an endowment mortgage purely as a means of ensuring that your dependants are protected by having the mortgage paid off immediately on your death, or as a savings vehicle also.

Borrowers who expect rising income may also opt for an endowment mortgage to make full use of the interest relief to reduce their tax liability. In making a decision, the borrower will also have to consider the future movement in interest rates that will affect monthly repayments. These, on an endowment mortgage, are purely interest, while on a straight repayment mortgage they cover interest and capital. When interest rates are high, the gap between the monthly costs of repayment and endowment mortgages widens; it narrows when rates are low.

Where the borrower opts for an additional full endowment mortgage, the premium might be based on a sum that is less than the further advance because an allowance will be

made for the accumulated guaranteed bonuses of the original life policy. The insurance premiums will be lower because the policy is smaller.

Borrowers should also bear in mind that most building societies usually charge a higher rate of interest for further advances than they do for the initial mortgage, and this varies from society to society.

The Halifax, Abbey and Leeds Permanent allow borrowers either to take out an additional but separate endowment mortgage, or to

extend the term of the original mortgage. The latter option is more attractive if the borrower has a low-cost endowment mortgage, then they have to take out a second one. The Nationwide does give the borrower this option in theory, but says that, in practice, it discourages such a split.

All societies allow the borrower the choice of covering the further advance either with a full endowment policy or a low-cost endowment policy, regardless of whether the original endowment mortgage was low cost or not. With a low-cost endowment policy, the monthly premiums are substantially lower because "assumptions" allowances are made for the annual bonuses the policyholder can expect to receive.

The table illustrates the options available to the borrower. It is based on the example of a male aged 35 next birthday with a £21,000 low-cost endowment mortgage over 25 years who wants an additional advance of £21,000 five years after taking out the original mortgage. Financially, his home improvement through a low-cost endowment mortgage will cost him less than £18.50 a month more. However, this will give him an estimated additional lump sum of £21,862 at the end of the term after repaying the capital on the mortgage.

The further advance might also take the borrower's mortgage into a higher differential band. The way in which this is applied also varies from

policy or a repayment mortgage to cover the further advance. The premiums on the second endowment policy would not, of course, be eligible for tax relief. The monthly repayments would thus be higher than those of the original endowment mortgage, and higher than those on a repayment mortgage of the same amount. There would, however, be a lump sum payment at the end of the mortgage term.

If, though, the borrower believes interest rates may drop significantly from present levels, then the interest-only monthly repayments could be less than the same-sized loan taken out on a repayment basis.

If the borrower opts for the further advance on a repayment mortgage basis, the Leeds Permanent will still charge the extra half percentage point interest rate which, like some other societies, would already have loaded on the original endowment mortgage. (Neither the Halifax nor the Abbey do this, though.)

The further advance might also take the borrower's mortgage into a higher differential band. The way in which this is applied also varies from

society to society. The Halifax, for instance, does not charge a higher interest rate if the further advance makes the mortgage into a higher band. The Abbey does, but only if the further advance makes the original mortgage into a higher band. The Nationwide will not give the borrower the option of a combined endowment/repayment mortgage because the complete administration of a borrower would a further advance on an existing endowment mortgage, then they have to take out a second one. The Nationwide does give the borrower this option in theory, but says that, in practice, it discourages such a split.

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Margaret Hughes

Finance Bill provisions

CONSIDERATION of the 1985 Finance Bill by the House of Commons ended early on Thursday morning. Compared with last year's marathon session—the committee stage was, at 155 hours, the longest on record—scrutiny of the 1985 Bill was considerably shorter and more productive.

One advantage of this was that it enabled the Government, led by Mr Peter Rees, Chief Secretary to the Treasury, to introduce a number of amendments at the committee stage and then at the report stage, which, if it had been pressed for time, would have been delayed until next year's Finance Bill.

Most of the additions and alterations to the Bill were of a technical nature or cleared up ambiguities in the original drafting. However, a number of the changes were more significant:

● Capital Gains Tax: Government amendments give those whom the Inland Revenue decides do not qualify for Capital Gains Tax treatment relief on the ground of ill health a right to appeal to the Special Commissioners. The original clauses gave the Revenue power to extend retirement relief to people retiring before 60 on

grounds of ill health, but the Revenue's decision was to be final.

● A last minute change to the Bill restored the last-in-first-out (LIFO) system for reckoning Capital Gains Tax on portfolios of shares built up over a number of years. The Government had earlier proposed a form of the first-in-first-out (FIFO) system.

Suppose you bought 100 shares of ICI in 1974, and then another 100 in 1984. This year you decide to sell 100 of your holdings. Under the FIFO system, it is the first 100 shares that are deemed to be sold, so you face CGT on 11 years of gains. Under LIFO, you would be charged only on the last year's gain, if you held on to the original 100 shares.

● A Government amendment at the report stage also relaxes the rules restricting "bed and breakfasting" of stock. This is the term given by the Stock Exchange to transactions whereby shares sold at the end of the day are then bought back the next morning. This is done either to receive accrued losses, to be set against gains

or other assets, or to receive accrued gains in order to use up the annual CGT exemption. Last year's Finance Act contained provisions which made bed and breakfasting prohibitively expensive.

● Business Expansion Scheme. The Government accepted two amendments from Conservative backbenchers which extend the BES to research and development companies. These amendments allow companies, which had already issued BES shares prior to April 1985, and wish to exploit the product of previous research development by obtaining royalty income, to retain their BES exemption even though they were receiving royalties on research carried out before April 1985. Under normal rules, companies lose their BES qualification if a substantial part of their income comes from royalties.

● Non-resident transactions. An amendment to the Bill exempts investment managers from tax for transactions undertaken on behalf of non-residents in shares or securities, wherever the transaction took place (eg. for

transactions on the USM and the over-the-counter market as well as the stock exchange). According to the Inland Revenue the purpose of the original clause was to improve the ability of UK investment managers to handle non-resident accounts.

● Miras. An amendment to the Bill allows new lenders wishing to operate Mortgage Interest Relief At Source, to apply the arrangements as soon as they have been prescribed as qualifying lenders for the scheme by the Treasury. The Bill originally would have required them to wait until the beginning of the next financial year.

● Stamp duty. Clause 74 and 75 of the Bill provided that stamp duty will not be charged on takeovers where shares in a company are exchanged for shares in the acquiring company. A new Government amendment has widened the scope of this exemption to cover the loan capital of the acquired company as well as its equity capital. Moreover it also extends to cases where the shares of the acquiring company are sold to

a third party by the shareholders of the acquired company—for example when a takeover offer includes an offer by a merchant bank to immediately buy the acquiring company's shares (a so-called "vendor placing").

However, at the report stage of the Bill, the Government moved to block the use of the so-called "pre-trick" device using control of the company to the takeover of a company in exchange for cash.

The device worked by siphoning value out of shares in a company being taken over into new shares issued through renounceable letters of allotment. The new clause withdraws the stamp duty exemption granted to renounceable letters of allotment where the rights to new shares are renounced in favour of a person who has not been seeking control of the company issuing the shares, from August 1.

● The Government has also moved to abolish Capital Gains Tax on gilt-edged securities and corporate bonds from July 2 next year.

Andrew Arends

New products

Banks help the blind

BANK statements look cryptic enough to the average bank customer—code numbers all over the place, and nothing to tell you to whom you wrote that cheque for £257.

It is worse for the blind, who usually have to ask someone else to read their statements to them. The banks are, however, moving forwards in providing services to their blind and partially-sighted customers. "We know from our research

that blind people find lack of privacy a considerable deprivation, particularly in relation to financial matters," said Dr John Gill, head of Brunel University's Research Unit for the Blind.

The major banks all offer current account statements in Braille now, and the service is being extended to credit card statements. Seven banks—Lloyds, Midland, Northern, Clydesdale, Williams & Glyn's, the Royal Bank of Scotland and the Bank of Ireland—have now followed the lead of National Westminster in providing Braille Access statements. At the moment Barclaycard does not provide Braille statements.

NatWest has led the way, and operates its own Braille unit. The statements—for which there is no extra charge to the customer—are produced in a single day, so the blind customer does not suffer undue delay. Nearly 1,000 people now receive Braille statements on their NatWest accounts, with a further 100 receiving Access statements.

The NatWest Braille unit also produces brochures for the blind, and can handle correspondence between the customer and the bank manager.

Most of the other banks use an outside service. The Royal National Institute for the Blind handles Barclays, Williams & Glyn's, the Royal Bank of Scot-

land and the Trustee Savings Bank, Midland and Lloyds use the Brunel Research Unit for the Blind.

The advantage of the Brunel unit is that it is computerised. The banks send a computer tape which can be automatically translated at high speed into Braille or into large print.

Large print is an area where many blind and partially-sighted people feel the banks could do more. Of around 130,000 people registered as blind, only 10,000 to 15,000 can read Braille.

Perhaps twice as many of these can use large print; and there are many more who are registered as partially sighted.

A number of banks—including, once again, NatWest—are looking at the question of providing large type services. So far, however, no decisions have been made.

Perhaps the most helpful thing the banks can offer is 24-hour counter service. Cash machines can prove difficult to operate when you cannot read the instructions on the screen.

Some work is being done towards adding sound signals to the cash machines to help the visually handicapped. Machines may soon start beeping an indication of when to put your card in, when to press the buttons and when to pull your money out.

One step beyond, perhaps, is a recorded message or synthesised voice giving instructions.

Lower rates

CHELTHAM and Gloucester Building Society is cutting the interest rate it charges on some larger mortgages. The rate on its Goldenrod scheme—aimed at established homeowners needing loans of between £30,000 and £80,000—is dropping by 0.5 percentage points to 14 per cent.

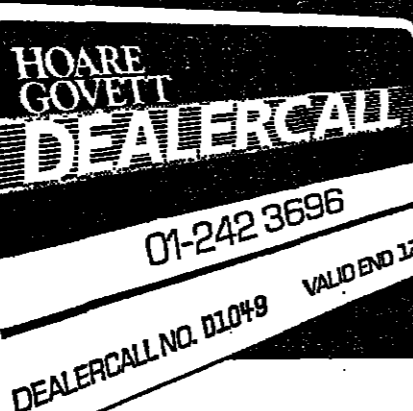
The new rate will apply immediately to new borrowers, but existing borrowers will not get the benefit until September 1. 14.0 per cent would not in itself put the C & G among the cheapest lenders. But, unlike most banks and building societies, C & G charges no extra for an endowment mortgage or a pension-linked mortgage.

For those who require endowment or pension mortgages, C & G becomes one of the cheapest lenders.

Andrew Longhurst, the society's managing director, says the move to cut mortgage rates goes directly against the warnings of many other building societies that rates will have to go even higher to pay for the game of leapfrog now going on with investment interest rates.

C & G's ordinary mortgages cost 14.0 per cent for loans up to £20,000 and 14.5 per cent for larger loans, with an extra 0.5 per cent for endowments.

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Don't bank on much from the High Street

IF YOU are over 55, you could be forgiven for envying your grandchildren the special treatment they receive from the banks and the building societies. The under-13s and under-16s are showered with all types of free gifts and inducements to sign up; but those who are in, or approaching, retirement have to search around for any type of concession in banking services.

Free banking is the most important inducement on offer to those who are over 55 and about to retire. Midland leads the field, offering free banking to all customers, irrespective of age, who remain in credit. All the other major clearing banks normally require a minimum of £100 in your account if you are not to incur banking charges. If your account falls below £100 in any quarter you will be charged for each cheque, ranging from 36p at Barclays to 30p at Lloyds; and on each standing order, cash withdrawal and direct debit. Barclays and National Westminster will add to these charges a service fee of £3 a quarter. If your account is regularly below the minimum requirement, the charges can add up to a substantial amount.

Exempting you from these charges if you are over 55 does not amount to a great deal when you can take advantage of free banking elsewhere, regardless of your age, at banks such as the Midland or the Royal Bank of Scotland.

Lloyds is stricter than Barclays or NatWest. It insists not only that you be over 55 but that you must already have retired before you become eligible for free banking.

Its charges are also slightly higher than those of its competitors, although it does not impose a quarterly service charge on accounts that fall below the minimum.

Yet, most of the major clearing banks offer little besides this small concession to their older customers, and admit that they do not identify this group as a special target in their marketing strategies.

Midland, again, is the exception, offering free personal financial counselling for customers over 55 who operate a high interest cheque account. The account, open to anyone regardless of age, requires a minimum investment of £2,000 and now pays interest at 8.8

per cent net of composite rate tax.

By comparison, Lloyds offers 9 per cent net on its high interest cheque account with a £2,500 minimum.

You are also entitled to a free interview at Midland for advice on minimising your tax liability and maximising your income. And if you choose a Thomas Cook holiday, you could receive a discount amounting to as much as £75, depending on the kind of holiday chosen.

Your money in retirement

There are, of course, several accounts or services that may be useful to the elderly, even if they are not aimed specifically at them. NatWest, for example, offers a monthly income account paying 9.25 per cent net, with a minimum deposit of £2,000. This type of

account can be useful for those living on a fixed income such as a pension.

Accounts offering a monthly income facility are available from building societies, too, though they are not specifically marketed for older people. The Woolwich, for instance, offers a net 10.75 per cent on a 90-day notice account that allows you to put a lump sum away and still draw a monthly income.

None of the major building societies offers investment schemes designed for older people. On the home buying front, however, you can get special help with mortgages, but you have to be old enough to be considered "elderly" by the society.

Many building societies offer interest-only loans for retired people living in owner-occupied accommodation. But some are stricter than others as to how old you have to be before you qualify. The Abbey National has the highest age requirement—you have to be 75.

In general, the societies lend up to 60 per cent of the valuation on the house or the

purchase price, whichever is lower. Capital repayments on the mortgage are suspended until the estate can pay it off after death, but it should be possible for a relative to redeem it.

The major building societies say that these loans are designed to help elderly people find it difficult to run homes and keep up with payments for repairs and improvements.

However, you can get interest-free loans to buy sheltered accommodation designed specially for the elderly. The Woolwich offers such loans, which can—but do not have to—be used to buy such property offered by Woolwich Homes, a developer set up by the society, but which operates as a separate company.

Abbey National operates an annuity scheme in conjunction with Royal Insurance, that offers you a set amount of monthly income, with the interest on your mortgage deducted from the annuity. As with other schemes, capital is paid off out of the estate after death.

Dina Thomson

Dealer is brought to account as greed takes a costly toll

LAST MONTH we told of Martin Savage and his unfortunate plunge into traded options. Having been stung by the traded options market, Mr Savage decided to try his hand at some account dealing in the stock market proper.

This is the practice of buying and selling shares within the stock market account, the two- or three-week trading period where bargains can be struck without the need to put up the money for the underlying shares. The idea is that you make a profit or loss on your deals during the account period; moreover, there is no stamp duty or sales commission to pay if you buy and sell within the account.

"What fascinated me," says Savage, "is that you simply make a call to your broker, say a few words like 'Buy two thousand of so and so' and next day, or even an hour later, you could be £200 richer as a result of that phone call. 'Why work?' I thought."

Etam — the women's wear retailers — was Martin's first purchase. He bought 2,000 shares at 203p, which, with commission produced a total financial commitment of £4178.04.

Why had he chosen Etam? "An American broker friend of mine was always telling me of his coups on the market said he had just bought some at 188p and that there were rumours of a takeover bid. So I thought that I'd get a slice of the action."

In the week that Martin bought Etam — and before he went for his slice — the Etam shares had risen 35p. Savage did not know that.

Nevertheless, the following morning Etam were being quoted at 210-215, and Savage's broker called him up for instructions. Woolworths had just announced a rights issue and Etam was considered a potential target to be bought with the proceeds of the issue.

"I thought that I could sell and take a couple of hundred quid profit, which is why I bought them in the first place," says Savage. "But the person who put me into the shares had said they could go to 250p, so I

decided to wait for a little longer."

Savage had committed the fatal mistake. Having bought the shares for an overnight profit, he should have taken it, thinking his lucky stars that it had materialised. His greed, in going for more, proved his downfall.

Etam nosedived the same day to 178p — as Woolworths denied any interest in them before recovering to around 190p. The result, for Savage, was that a £200 profit was transformed very quickly into a £300 loss.

More fun was just around the corner. Etam gradually rose to around 199 as the account drew to a close. But Martin, having seen a profit, could not accept a loss.

So he "cashed and newed" his Etam shares. This involves selling your holding (on the Friday of the end of the account) and buying it back again for the next account period—giving you a further two or three weeks' time to play with.

The cost of a "cash and new" transaction is twofold: first, the jobber's spread will apply as you are selling and buying back (although the spread is often slightly less than normal. Moreover, you have to pay another lot of commission — on the repurchase — to your broker.

Savage therefore sold his Etam holding at 197p and bought it back again at 199p. Together with £65.67 broker's commission, the cost of the cash and new procedure — and the two weeks' worth of extra time it secured — was £105.67.

He was fortified by a favourable article on Etam in the *Investor's Chronicle*, which ended with the immortal words "The shares should be bought."

This was the prelude to Etam falling again. He watched each little fall — 2p (or £40) at a time — until deciding he had had enough. He sold — at 185p. Total loss on Etam to date, including expenses, comes to £572.66.

"Etam had been written up in the newspapers, the preliminary figures were good, and yet they fell," says Savage. "I could really kick myself for not getting out when I was up."

"Sometimes the first loss is the smallest," says Roy Kaiter, a broker at the firm of Charlton Seal Dimmock and Co., referring to Savage's initial refusal to accept a loss.

He highlights a number of pitfalls that regularly catch out the rookie account trader: first, the failure to appreciate particularly with poorly traded stocks, that commission charges plus VAT and the jobber's turn mean that you often need around a 5 per cent rise in a stock to see a profit. And that rise has to happen soon—because you only have the account period to play with.

"You are basically a gambler, not an investor," says Mr Kaiter. "You have to look very closely at the prevailing market conditions as well as those for the particular market sector. The stores sector has been depressed recently by the Chancellor's statement that interest rates would not be coming down in a hurry."

A "buy" recommendation will often not boost the share price (barring perhaps a temporary mark-up by the jobber) and market and sector conditions are adverse. And in any case, such recommendations refer to the long term—they do not mean that the shares will be going up today or tomorrow—i.e., in the account.

Moreover, the jobbers read the papers and tip sheets too, so recommended shares will often be marked up before the market opens. In this situation, it is sometimes better to wait for a drift in the price after any initial buying fever has subsided.

Many account dealers fall into the greed trap—holding out too long for a profit. Mr Kaiter's standard line on such persons is to quote Nathan Rothschild's explanation of the source of his wealth—"I always sold too soon." More pragmatically, he points out that rare indeed is the speculator who buys at the bottom and sells at the top. "What you got to do is to buy and sell yourself in somewhere between these two levels—and be grateful if you can make a profit within the account period."

Lawrence Lever

Banking

Stuck out on a limb between branches

WITHDREW enough cash to tide me over, and timed the closure of the account so that the monthly standing orders had been cleared and the new bank would be ready to receive the next instalments. That was the plan.

Easy access to cash was the reason behind my move away from Williams and G's after 20 years, first in Oxford then at King's Cross.

W and G may be thick on the ground in the north. In London their branches and cash dispensers are as about as common as in Leningrad. And who wants to pay someone else's bank 50p each time you need some of your own money? Barclays have just increased the charge to 70p.

First to Lloyds in leafy Crouch End, N8. A busy branch, not for claustrophobes. A manager eventually appeared behind a till window replete with a new customer's kit and seemed pained at my suggestion of a marginally less public encounter.

I moved on to NatWest's

Lothbury branch in the City. A colossus of a banking hall. Mr Jennings in records—one of a dozen sections—was helpful, and I signed on the various dotted lines.

He warned me that banks do not fall over themselves to close an account, so I should ring W and G in a couple of days to make sure the notification from NatWest was being acted on. That was on April 18. W and G King's Cross closed the account promptly enough. But it was not until May 10 that the balance, £350, turned up at Lothbury, a distance of 2.5 miles. Lost in the post the first time round, W and G said.

Those 23 days were increasingly phone-filled and IOU-ridden.

Put down why you want to transfer from W&G, Mr Jennings advised, or they'll be writing to you to find out the reason.

Apart from a closing statement W&G did not write, even to ask for the return of their cheque card, cash card and other plastic goodies.

Living without a banking



facility when one's salary is paid directly into an erstwhile account is less than fun. I took provocative—and I assumed criminal—action, by writing a cheque backed by the W&G cheque card on the ex-account, duly informing the W&G King's

Cross manager that I would be delighted to reimburse him when I had an account to do it with.

The transfer was effected a few days later, although W&G wrote to say it was fine about the cheque; it would be put

through to NatWest. But, no, I couldn't have any interest on my unwittingly frozen assets since it was a current account.

NatWest have been more gracious. They would not transfer to a deposit account any balance over the minimum required to maintain free banking—£100. "Everyone would want to do it," said Jennings in records. But after a mini-conference they agreed to settle for an automatic transfer of everything over £200.

Bankers being cautious types, NatWest did not begin to process my application for a cheque card and the rest until my money was in their safe. But then NatWest Lothbury's lending officer wrote to say: "At this stage of our banking relationship, it is difficult to grant these facilities."

He invited me to a discussion. In vain, I am afraid. The same post brought all the plastic cards. And in the following post came a second cash card. NatWest at least does not do things by halves.

Geoffrey Sheridan

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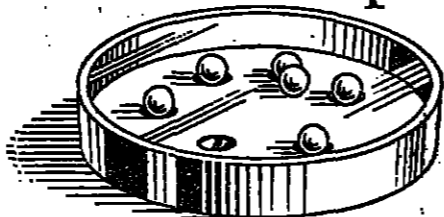
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VATman is quite right

TIME SHARING SALMON
I am in the course of buying some time sharing in a Scottish salmon and sea trout fishery. This sale, by the current owners, is being effected under Scottish law by the pro indiviso method, whereby I and others, as purchasers, acquire a full title to the property, in perpetuity, as joint owners.

It now transpires that the Customs and Excise office is seeking to levy value added tax on the consideration for this sale, and I am at a loss to understand how this transaction, which is similar to a sale of any other real estate into joint ownership, can be liable to this tax since VAT is not payable on the transfer of either stocks and shares, or property.

Does a case exist for fighting the Customs and Excise offices claim?

The levy of Value Added Tax on the consideration of your purchase of a pro indiviso title to a time sharing scheme in a salmon and sea trout fishery has been correctly requested.

As you quite rightly say, the consideration payable on the transfer of any interest in land is exempt from Value Added Tax by virtue of Schedule 6 of the Value Added Tax Act 1983.

The Schedule, however, goes on to list certain interests in land which do not fall within this category and among the list (sub-paragraph (d)) is the granting of a right to take game or fish.

Thus the Customs and Excise Office is seeking Value Added Tax by virtue of this sub-paragraph (d) of said Schedule 6 of the 1983 Act.

Lawyer is best plan

My parents own a second house which they let to obtain a small income. It is a large Victorian house of which half has been occupied by one family under wartime regulations at a low rent.

This half of the house has now become vacant and my parents wish to convert it to small flats similar to the remainder of the house and have accordingly sought planning permission. Their local council however has refused on the basis that it involves the loss of a family sized accommodation contrary to council policy.

We are considering appealing to the Secretary of State and I should be grateful if you would advise me of the following:

- Is it wise to appeal on a *DIV* basis or should one use a solicitor?
- Can you advise on any sources of information that could give guidance on maximising the success of a planning appeal?
- Are emotive arguments in an appeal practical, eg the long period of rent control has resulted in a very low return on the property which we would now like to increase.
- This area of law is a highly specialised one, and we do not recommend dispensing with professional advice if you wish to pursue the appeal to your best advantage.
- We do not know of any plain man's guide to planning appeals which would offer you sufficient guidance.
- Emotive arguments are of minimal value, unless they can be adduced as ancillary to more cogent legal submissions.

You would be wise to try to find a solicitor with experience of handling planning appeals to advise you and, if appropriate, to represent you.

No CGT on home sale

In 1975 I purchased my main house of residence, which stands on a plot of one acre. The previous owner had planted a hedge to split the land into two areas of 1/2 and 1/2 acre respectively (the house being sited on the larger) and was attempting to sell both plots separately. In the event, I ignored this division (which is not shown on the ground plan in the deeds) and bought the property as a single entity.

I have recently obtained outline planning permission in respect of the 1/2 acre, which I now wish to sell. Will I be liable for Capital Gains Tax if I am, how do I compute the gain?

No provided that (a) you used the quarter-acre beyond the hedge as an integral part of your garden (or grounds), and that (b) you continue to do so, and do not sever the land physically, until after contract day.

The solicitor (or estate agent) who acts for you in the sale will be able to guide you through the tax pitfalls which have been prepared by Parlia-

Briefcase

ment for homeowners who sell off part of their surrounding land. You will find a sketchy outline of the intricate and arbitrary rules in a free pamphlet, CGT4 (Owneroccupied houses), which is obtainable from your tax inspector's office.

Redundant and taxed

I was recently made redundant and advised by my employers that it was advantageous to accept immediate termination and thus secure payment in lieu of notice free of tax. After termination I received an ex gratia sum as compensation (also free of tax). My previous employer now advises me that the above two items must be aggregated for tax purposes. Since together they exceed £25,000 they state that I am liable for any tax accruing on the aggregate amount. Is this correct?

Also is any tax on the foregoing (at the 50 per cent rate) maintained in a separate

tax compartment, ie. is it put into the same "net" with any other earned income, unearned income and capital gains in 1985-86 and capable of being refunded if my overall tax position creates a tax bill lower than that which I may suffer on the two items above?

First question: Yes (under the proviso to section 183 (3) of the Income and Corporation Taxes Act 1970).

Second question: The excess over £25,000 is treated as income received on the day your employment terminated. It is treated like your other taxable income (assuming that by recently you mean since April 5), except that it is effectively taxed at only half your marginal rate (by virtue of paragraph 7 of schedule 8 to the Taxes Act, as amended). Your capital gains do not affect your income tax position.

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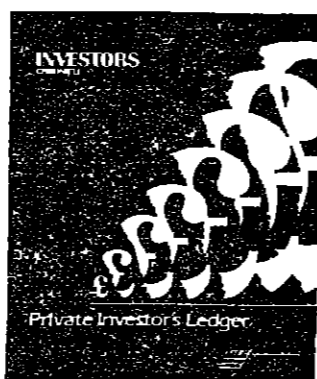
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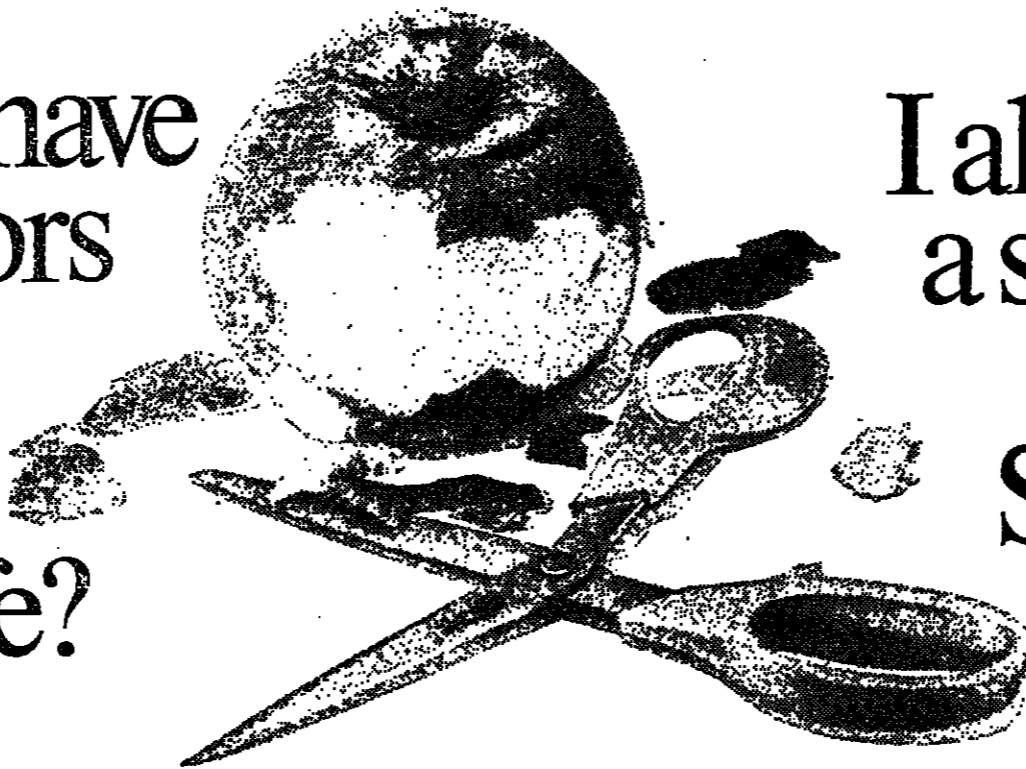
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scissors

So why do I
need a knife?



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a spreadsheet

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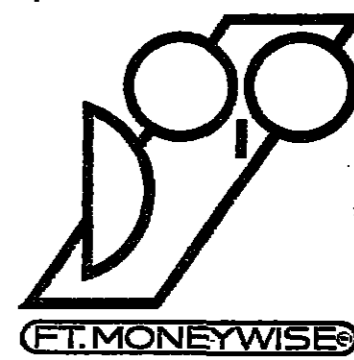


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Simple things that mean so much

PERSONAL


STROKE

STRIKE AT STROKE

At least 100,000 people suffer a Stroke each year in the United Kingdom. Without warning, a blood clot or small haemorrhage damages a part of the brain often resulting in partial paralysis, distortion of face, loss of speech, disturbance of vision and loss of balance.

STROKE PREVENTION

It is never too early to take positive steps to avoid the risk of Stroke. Priority—get your blood pressure tested. There is often a link between heart disease and Stroke so reduce the risks here, too, by not smoking and watching your weight. Blood tests show that your blood cholesterol is high, watch your diet.



STROKE RECOVERY

Much can be done to help. The Chest, Heart & Stroke Association provides:

1. A nationwide network of affiliated Stroke clubs.
2. A CHSA Volunteer Stroke Scheme in 60 areas, to help those with speech problems.
3. Publications, in everyday language, to give timely aid to sufferers and their families.

Our crusade is not only against Stroke but also against Asthma, Chronic Bronchitis, Angina, Emphysema and Coronary Thrombosis. If you, or a loved one, are suffering from any of these illnesses, please get in touch. We can help you.

The CHSA is spending a million pounds a year on research and other vital work. Will you help us make a Donation, Covenant or a Legacy? The tax we can recover on a Covenant enhances your gift.

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DIVERSIONS

Starting from scratch: Windsurfing

A board to balance on

IN WINDSURFING, as in life, the hardest thing is standing up. With the sport's rise to Olympic status and near ubiquity, it is easy to forget that as little as five years ago windsurfing was thought to be only for rich and bronzed Mediterranean zigzags.

I had my first unhappy attempt last year in Greece, and bronzed Mediterranean out to sea (culminating in a rescue by a local fisherman) followed. My wife still laughs at the photographs.

I hate being taught, but I realised that if ever I wanted to get on a board again I had better have some serious instruction. A chance glance at an advertisement for the London Windsurfing Centre (353, Battersea Park Road, London, SW11, 01-223 2390), led me to applying for their board-sailing proficiency course. The brochure said that after two four-hour sessions I would be able to "rig, launch, sail and control a board in moderate winds and in quality for the Royal Yachting Association's Board-sailing Proficiency Certificate".

The dull and sandy ecology of Greater London includes a number of gravel pits. When made redundant and filled with water they become excellent (if unattractive) recreational lakes.

My class of four — Steve and Tom, friends at work, and Lois, whose boyfriend took the course last week — gathered in the lakeside bungalow for our first lesson. We sat by a blackboard and a whiteboard while James, a tall, thin, instructor, glamorous and looking almost too healthy, gave us a fast and lucid rundown on windsurfing: targon (uphaul, downhaul, in-haul, outhaul, skeg), and the theory of sailing.

After 10 minutes we trooped outside to learn our basic skills on a dry-land simulator. This turned out to be a portable, rigid board mounted on a pivot to react to the wind. James showed us how to rig the board — a fairly straightforward business with mostly self-hitches and holding no terror for the knot-shy.

James towed our boards across the lake to a calm and sheltered place where we rigged up and launched into the still water. Then the falling-off began. Because the mast is flexible (the foot pivots) the sail begins its life in the water. Hauling up a water-filled sail is no joke, so unless you start off with knees bent and pull hand over hand with arms outstretched, you haven't got a chance. This was a valuable lesson in doing as you're told.

Rigs up and hanging firmly, though precariously, onto the booms, we began our sailing — interrupted by unplanned

and mast heave — and then start paddling like hell. Utterly exhausted, we finally propelled ourselves back to the clubhouse beach, impressed and grateful for the emphasis on safety.

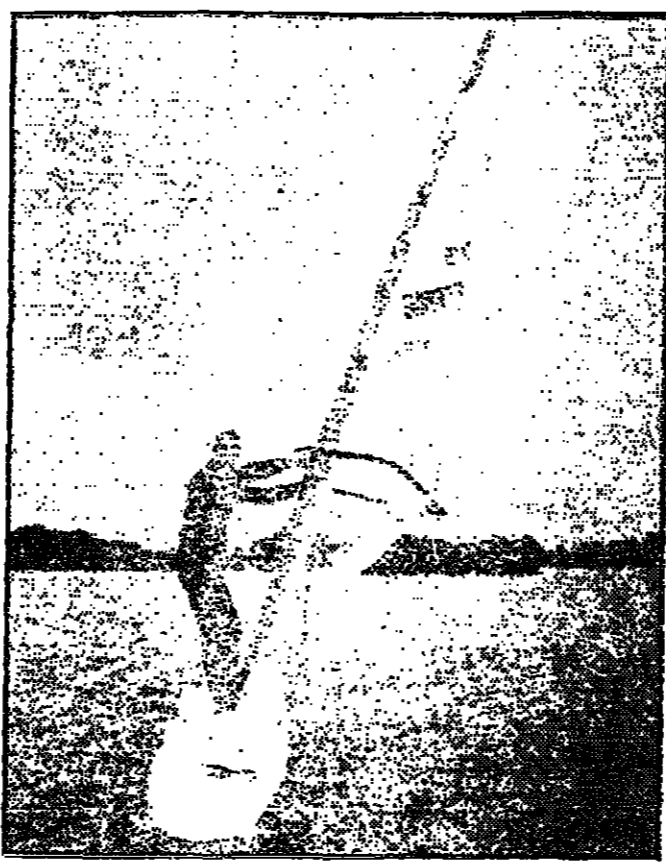
For my next lesson I was off to another travel pit-lake, this time in Bray, Berkshire. The set-up was similar: a class of five made up of three rather macho lads, a keen girl named Debbie, and me. Our teacher Kate, a young American who had been windsurfing for 18 months, was puny, humorous and down to earth. Most important, with a force three (seven to 10 knot) wind blowing, she was reassuring: "Don't worry, you guys'll be all right so long as you don't mind spending some time in the water." We shipped the simulator, rigged-up and plunged in to get as much on-the-water time as possible before the next class 31 hours later.

The relatively strong wind was a problem. Previously unknown muscles and tendons ached, and quick gusts sent us flying on our boards with mad-dening regularity. Kate guided and coached from the boat: "That's it. You're doing real good." She would yell through the megaphone.

At this stage, and despite the wind, our confidence was growing. I now felt able to sail a course, and on the few times when I had the luck and stamina to hang on tight when a gust of wind came, the rush of speed across the lake was positively exhilarating. Balance became more positive and I felt more and more in control.

Sailing finished. Kate gave us an extensive on-shore debriefing, stressing the safety code and the rules of the road. At the end of the morning two of us (including me) were awarded their Royal Yachting Association Board Sailing certificate — the first step towards proficiency. The unsuccessful were told to come back for another (free) coaching session. Everyone seemed determined to carry on.

Lloyd Grossman



Roger Taylor

Helpful hints

WINDSURFING (also known as sailboarding) offers the solidarity excitement of sailing and the sophisticated challenges of sailing in a cheap, light and accessible form. In Britain, the Royal Yachting Association (Victoria Way, Woking, Surrey, 048 62 5022) oversees those schools offering instruction based on the guidelines laid down by the International Windsurfing Schools.

Eight hours of instruction should make you proficient enough to take a board out on a small lake on your own. A further 10 hours of sailing should bring you up to intermediate level. Coastal windsurfing in sheltered areas (Plebe bar, for example) isn't beyond the expertise of those with basic boat-handling skills so long as they remember to stay away from other boats (especially fishing boats), scuba divers and swimmers. More adventurous forays on the coast ought to be taken only by the skilful, in company, and by those well equipped with flares, smoke canisters and buoyancy apparatus.

NEVER venture out on an offshore wind or an ebb tide, and always dress warmly. At the first sign of trouble turn back: false bravery and a stiff upper lip lead quickly to tragedy. Windsurfers range from under £200 to over £1,000. Wet suits (vital in the hostile British climate) start at around £75. Those keen enough to want to windsurf in the winter will probably want to buy a drysuit which sells for around £175.

There are a number of books on windsurfing. The best compact volume is probably *The Pocket Guide to Windsurfing*, by Jeremy Evans (Bell and Hyman, £4.95).

Pre-retirement

Health begins at home

A NEW demand is emerging among the growing legions of retirees in Britain — good health. But getting it, according to Dr Harry Levitt, may require some tough talking to your GP.

He thinks that too many doctors use age as a universal excuse for not giving older people effective treatment. He says: "You go along with a bad knee and your GP says, 'What do you expect at your time of life?'"

"The patient should smile, look the GP in the eye and reply, 'That is all very well my dear doctor, but the other knee is exactly the same age and it does not seem to be causing any problems at all.'"

This always produces a laugh when Dr Levitt, a senior lecturer for the Pre-Retirement Association since 1974, addresses groups of upcoming retirees. But he is deadly serious, urging a consumerism in medicine that may not endear him to all of his colleagues.

He is equally bullish about pills and potions, suggesting people make their doctors explain what drugs are supposed to do and their exact effects and side-effects. He says patients should demand that drug names are printed out on a separate sheet of paper, together with the dosage instructions.

"The worst thing is when the GP says, 'Just do as you are told and take this. I would not worry about it if I were you.' You should reply: 'My dear doctor, if you were taking this drug, I would not worry about you either.'"

Colleagues who would like to dismiss Dr Levitt as an awkward crank will find it difficult for he was a founding member of the Royal College of General Practitioners and is a former chairman of its council. He was also a member of the Sainsbury Commission which investigated prescribing practices.

He believes that in order to enjoy life in retirement people must accept responsibility for the management of their own health. This affects the way the medical profession should be

approached, if at all. "Avoid doctors like the plague. They have problems dealing with patients because most of them have never been trained to listen," he says.

"Keep out of hospitals at all costs. If you are unconscious or need intensive care you will have no choice, but try and crawl out after three or four days. You will be safer at home."

"Avoid drugs. Most drugs are merely 'me too' products. About three out of 10 patients will have a serious reaction to any drug. You have got to be very healthy to take modern medicine. And if you have to consult a doctor, always smile. You will be taken much more seriously."

Dr Nuala Sterling, a geriatrician who lectures with Dr Levitt on courses run by Millstream Pre-Retirement, says people should positively expect good health in retirement. Those who develop infirmities that people in the past would have put up with are now demanding that doctors make them better.

She knows of cases where old people were refusing to compromise about simple activities, such as not being able to stretch to reach shelves above head height. Rather than giving in to stiffening joints by having shelves lowered, they demand that doctors help keep them supple with treatment and advice.

Dr Levitt says: "We know very little about ageing. We don't know why some people die quickly after they retire, while others carry on hopping around well into their seventies and eighties."

Being able to fend for yourself may well be a key factor in longer life in retirement. Activity itself, which in turn requires good enough health to be active, becomes vital to quality of life.

Dr Sterling believes increasing numbers of people will have a realistic chance of survival to the 80-100 year-old range. As now, most will continue to live at home.

She says only 5 per cent of

the elderly live in homes and institutions now and she does not see the proportion increasing dramatically.

These trends are going to strain medical resources considerably. Understanding how to manage oneself towards good health is therefore advocated.

Dr Sterling says stress is "one factor to minimise. Don't have too many major life events at one time," she states. Since these include things like retirement itself and Christmas, other stressful activities, such as moving house to that bungalow that you think will make life easier, should be timed carefully.

Dr Levitt offers simple health promotion advice: "The plan should be general maintenance. Make sure you keep warm in winter and have a warm bed. Hydration is always a problem. Always replace the fluid you lose through normal activity by having at least six glasses of water per day."

"Watch consumption of animal fats, they cause cancer and damage your arteries. Eat wholemeal bread and put polyunsaturated margarine on it. Mix up your meat between red and poultry and fish. The best plan for diet is to have a little of everything and not too much of any one thing. Eat potatoes with their jackets on, fresh fruit, stewed fruit, prunes, a little cheese."

"Alcohol is good for you in moderation. A double whisky diluted with an equal quantity of hot water is better than taking a sleeping pill when you go to bed at night."

"Breakfast is the most important meal of the day. Exercise moderately, increasing in steps week by week. And remember that sex is not unhealthy, it is not indecent and it is not improper. It's up to a loving couple to work it out for themselves."

"Meanwhile, eyes, teeth, hearing, skin, feet are all important. Diagnostic checks are available, so use them."

Ian Hamilton Fazey

A.B.A. Conference

Unsolicited advice...

THE AMERICANS are coming. 20,000 of them, to add to the thousands who normally migrate to Britain at this time of year. They will tumble sleepily from their 747s today and tomorrow for the conference of the American Bar Association, a giant jamboree of the well-heeled inhabitants of the American legal jungle.

Each will clutch a dossier of guide books and hints on what to do and where to go, as well as a route map to Harrods and a wallet full of credit cards. Against such formidable documentation we locals have little defence, unless we have the chance to leave town. Perhaps County Hall, in a last connecting bid to prove the value of the G.L.C. should issue immediate advice to the populace on how to avoid the ABA.

1—Since mainland U.S. clerks arrive four and eight hours behind those of the UK, for the first few days of the week most of the visitors will be sleepy in the mornings. Central London will be at its most peaceful at this time. Essential shopping should be completed by 11 am. The visitors will become livelier as the evening comes on. British home-law laws should put a stop to that.

Recommendation: Covent Garden for breakfast. Even on a warm day it is easy to get an outside seat and watch the world go by.

2—The ABA has chartered hundreds of buses and more than 1,000 London taxis. Road travel, particularly in the main hotel strip running round Hyde Park, is going to be difficult. Avoid appointments in this area unless they are accessible by Underground. There may be some delightful Cockney exchanges between taxi-drivers parked in the bus lanes of Park Lane and London Transport bus drivers trying to use those lanes.

Recommendation: If you are unused to the tube and do not have a Red Ken Special (a photo card), buy a daily London Explorer. You buy them from 10 am when they cost only 22



and give you the run of the bus/tube system for the whole day.

3—Places to avoid: the Albert Hall on Monday; any High Court on Tuesday; Friday (on each of those days 500 visiting lawyers and spouses will be looking at how the UK legal system works). St Katherine's Dock on Tuesday and Harrods on any day. The gardens of the House of Commons will have been taken over by parties of 8,000 people on Tuesday, Wednesday and Thursday evenings. From these parties, groups are likely to spill into Covent Garden which, other than in the mornings, is likely to be overrun. Every guide book raves about it and it is between the fumes of Court and the hotel area.

Recommendation: Harry Nichols is a minor store than Harrods (for the moment) and few tourists know about it. On a warm evening the Charlotte Street area, the heartland of Greek food in the capital, makes for pleasant perambulatory territory.

4. Some 128 London hotels are being used. Even sniffling locations like the Berkeley, the Dorchester and Claridges have bent their normal "no four groups" policy for the ABA. Non-ABA hotels/pubs include the

Connaught, the Stafford and the Capital.

Recommendation: Take a counter visit while the ABA is in town. Visit London from around the 22-29th when the hotels will have waned far well to the lawyers and may not yet have filled the gap.

5. Dining out is going to be a problem, particularly in Mayfair, around Marble Arch and in Kensington. Obvious targets are going to be any restaurant with a Michelin star. Hotel restaurants (Americans don't have the same aversion to them as Europeans) and the trendier establishments that get write-ups in airline magazines and the New York Times—epitomised by Langens, Fulham and Islington may also suffer since these are areas much favoured by London lawyers who may wish to show off their local eateries.

Recommendation: Victoria and Fulham are off the ABA trail. Try eating there. While keen on Greek and Chinese food, U.S. taste buds are less attuned to Indian food.

6. There is an ominous note in the ABA schedule which talks of nightly organised pub crawls with the pubs "selected for their individuality and their charm. They are well off the beaten track, hidden in the nooks and crannies of old London. We get some hint of where these nooks and crannies may be with the beautiful views of the River Thames."

Recommendation: Stick to modern pubs well away from nooks crannies and the Thames. If you like the river, choose somewhere that is difficult to reach by coach—Hammer-smith's water-side, the Dove, Ruislip and Elm End, for example. Try wine bars. Tourists have yet to discover them.

7. On Sunday the conference breaks up. Two major business sessions are scheduled, however, for Edinburgh and Glasgow. These two cities and have their own problems on July 21-22.

Recommendation: Star in London.

Arthur Sandles

Sterne appeal for maverick wit

PERFECT the full stop in a perfect, gradually sloping north Yorkshire village street, is a long, low house dominated by a vast chimney stack. Built partly of stone, partly of warm old brick, and roofed in granite, some claim it is the image of the English village. Shandy Hall, as Laurence Sterne named it, is in Coxwold and since 1973 it has been open to the public as the home and workplace of one of the most dazzling virtuosi in the English language.

The year that Sterne was given the living of this parish with, inevitably, the convenience of a curate to take the dress out of the job) was also the year of publication of the first two volumes of *Tristram Shandy* and the beginning of Sterne's publicly acclaimed

career as a literary maverick, popular and derided in equal measure.

From his study in this house—where he lived between interludes on the Continent and in London—the remaining volumes of *Tristram Shandy* and *A Sentimental Journey* were written, and it was here that "good air and quiet retreat and quiet reflections along with it" pulled him back from his endless, near-fatal bouts of tuberculosis.

The house, with its invaluable collection of manuscripts, Sterne editions and contemporary literature, is the subject of an appeal launched this week—backed by the University of York—which aims to raise £100,000 to buy the collection (which belongs to the rescue of the house, and present honorary curators, Kenneth and

Julia Monkman) and endow the house for the indefinite future.

When restoration took place in the late 1960s (the house had previously been rotting and virtually derelict) it was discovered that the core was a 15th century hall house, complete with corbel, passage and wall decorations. Up in the attic had been granted the improvements of 17th and 18th century occupants.

With oak panelling and stone slab floors, the atmosphere is that of the yeoman farmhouse—comfort and utility hand in hand. Surrounded by a walled garden, beautifully replanted in recent years, it has an intimate and a sense of peace that underlines Sterne's sense of the place as a retreat quite as vividly now as then.

Gillian Darley

Semi-natural variations on a watery theme

I HAVE only had a pond for two and a half years, and have been observing with fascination things that before I only read about or saw in other gardens. My pond is semi-natural in that it was dug beside a stream and it has no lining of any kind. In 1983 water flowed freely all the summer, but last year there were great variations in the flow and for a few weeks in August and September the stream dried up completely and most of the water in the pool slowly seeped away into the stiff clay subsoil.

Before this it was interesting to note the effect which the changing rate of flow had on the colour of the water. When the flow stopped or was very slow the water became cloudy; there was a rapid clearance directly the flow increased. I knew the cloudiness was a concentration of the microscopic plants known as algae, and at first I thought the rapid clearance was mechanical, the current sweeping the algae over the dam down-burn. This may have been part of the explanation, but having just received *The Staple Book of Water Gardens* by Stanley Russell (David and Charles, £10.95), I realise that it was caused also by the changing level of mineral salts in the water. When there was no movement of water, salts

dissolved from the exposed soil rapidly increased and the algae multiplied on this rich supply of food. When the flow resumed, the salts were quickly diluted and the algae were starved out.

Another controlling influence is light. If strong, algae multiply rapidly; if weak, the rate of increase declines. My pond is surrounded by trees, only the north side being fully open. The amount of light cannot vary greatly in summer when the trees are in leaf, but few overhang the water, which is almost completely open to the sky. This must be ideal for many plants but not for algae.

Because of the danger of too high a level of mineral salts in the water, pool owners are constantly advised not to use manure or fertilisers. Mr Russell adds that, if plants do require feeding, one of the special aquatic plant fertilisers, perhaps in the form of tablets, should be used. *The Water Garden* by Philip Swindells (Ward Lock, £6.95), takes a slightly different view: water lilies and marginal aquatics are heavy feeders and require regular treatment if they are to prosper. Mr Swindells is in charge of the Northern Horticultural Society's garden at Harlow Car, Harrogate; he seems to get the fertiliser problem as getting it



to the plants rather than into the water, and suggests using special sachets of aquatic plant fertiliser pushed into the containers beside the plants.

As a home-made alternative he suggests mixing a handful of coarse bonemeal with sufficient wet clay to bind it into a large "pill" which is then pushed into the soil beside the plant. He regards feeding as important for marginal plants, believing that floating plants and submerged oxygenators get most of their nourishment direct from the water.

He also points out the

important role that oxygenating plants play in reducing the growth of algae—plants that grow in the water and, during daylight, release oxygen into it, so helping to keep it fresh. They also use a lot of mineral salts and so, if they are plenty and thriving, they tend to starve out algae. He thinks the most efficient of these plants are the common fish weed, *Lagorhiza*, or, often called *Eloidea crispata*, but Stanley Russell specially commends *Tililea recurva*, a plant I do not know. He describes it as making a dense green carpet which retains its colour throughout the winter and is a good green food for fish.

When my pond dried out and the water lilies looked like tired border plants, I expected them to die or at least to be seriously weakened. When I mentioned this to a gardener with much greater experience of such semi-natural ponds, he laughed and assured me that the plants would grow with even greater vigour. He is perfectly correct. This is also true of the pretty water fringe, *Nymphaea peltata*, a plant which appears much more fragile than a water lily but which nevertheless spreads fast. In the spring I watched for it in vain, but I had not realised how late it is in starting growth.

Now it covers at least four

times its area last year and looks well on course to double that. I like its little heart-shaped leaves floating on the surface, and fringed buttercup yellow flowers.

One of the things that surprised me was the speed with which plants establish themselves in and around the pond. It was excavated in February, planted during the next three months and, by mid-summer, was beginning to look quite respectable. Now in its third year, it needs some thinning—especially where I have planted *Alpinodendron*, *rodgersia*, *kingcups* both single and double flowered, yellow flag iris, *goat's beard* (*aruncus*), various primulas, a little comfrey with terracotta and white flowers which was given to me without a name, and *Polygonum campanulatum*, another runner which is surface-rooting and so can be dragged out without too much trouble if it strays too far.

A few weeks ago a pair of moorhens chose my pond as a nesting place and I look forward to seeing the chicks. Mallards occasionally visit the pond, but none has stayed for more than a few days. Perhaps the moorhens will encourage them. It would be yet another pleasure added to those I have already enjoyed from water gardening.

Now it covers at least four

here on White's Q-side is under pressure. P-N4, B-N3: 14 P-P, P-B4: 15 P-R3, N-Q2: 16 R-N1, N-B4: 17 R-N4, Q-Q: 18 P-B4, K-RN1: 19 R-N4, P-P: 20 R-P, P-Q4: 21 R-B3, Q-Q3.

Now White should try 22 P-P, with an inferior but defensible position; he misses Nunn's original concept to create the Q-B6 square as a winning outpost.

22 Q-B3? P-Q3: 23 R-B4, R-N6: 24 N-B3, R-PN: 25 R-Q1, R-B6: 26 R-P? P-R: 27 P-Q4, P-R: 28 P-K5, Q-Q1: 29 R-P, Q-R: 30 Q-R ch, K-R2: 31 B-K3, Q-B3: 32 P-Q, P-B7: 33 Resigns.

As several readers spotted, problem 574 is cooked by 1 B-N2, 2 N-B3, 3 N-Q2, 4 K-R2, 5 N-B3 or by 1 B-N2, 2 N-R2, 3 N-Q4, 4 K-Q2 and 5 Q-B2.

Hübner v. Fahrenschmidt, West German club final 1974. Grandmaster Hübner (White), to

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Hübner v. Fahrenschmidt, West German club final 1974. Grandmaster Hübner (White), to

eight, crossed to his eight of hearts, ruffed his losing side onto the table, and drew three rounds of trumps. It was clear that only a squeeze could save the contract, a minor squeeze against East, but with East discarding after dummy and the block in clubs, an automatic squeeze could not operate.

Cashing the club King, South played his last trump, throwing dummy's diamond five. At this stage East, who held Queen, Knave of diamonds and Knave, ten, five of clubs was caught in a cross-criss squeeze. If he threw a diamond, dummy's Ace would be cashed; South would cross to his club Queen, and score his good diamonds. If he threw a club, South would cash his Queen, cross to the diamond Ace, and make two good tricks.

E. P. C. Cotter

CHESS

WHEN Britain's leading grandmaster, John Nunn, is asked to name his chess club, he replies: Hamburg, for Tony Miles, the answer to "Pozz". Nunn and Miles are prime examples of the trend for our best players to commute to the professional leagues of West Germany, where the Netherlands, whose teams view the biennial All-Europe Cup as a pinnacle of achievement and as a chance to match skills against the Russians.

The West German Bundesliga, backed by official subsidy, is the leading club competition in Europe. Sixteen teams meet in an all-play-all league at weekends, as well as the British top boards include Spaxxy and Hübner. A second division

of 40 teams plays in regional groups.

Pozz and Solingen are sponsored by millionaire industrialists. Hamburg by the Holstein brewery; at least some of their costs can be offset against tax. In both the Netherlands and West Germany, chess is listed as "mental sport" and so comes within the ambit of official sports bodies, in contrast to Britain.

Because of this differential status, British teams have performed poorly in the European cup, but better days lie ahead. Lezai and General has sponsored this year's national competition with a £1,000 first prize, plus a grant for the winning team's European campaign.

The semi-finals and final at the Great Eastern Hotel, Liverpool Street, today and tomorrow (10.30 start both days, free spectator admission) brings to-

gether the country's four best teams—Oxford and Cambridge universities, Kings Head, and Streatham from London.

Whoever wins should do well in Europe—but if a British club is to take the trophy, it will need to bring back Nunn and Miles.

White: R. Supper (Barnet). Black: J. D. M. Nunn (Hamburg). Bishop's Opening (Bundesliga 1985).

1 P-K1, P-K4: 2 B-B4. 24 N-B3, R-PN: 25 R-Q1, R-B6: 26 R-P? P-R: 27 P-Q4, P-R: 28 P-K5, Q-Q1: 29 R-P, Q-R: 30 Q-R ch, K-R2: 31 B-K3, Q-B3: 32 P-Q, P-B7: 33 Resigns.

White overrates his queen's bishop; better is 9 B-KN3, P-KR3: 10 B-N.

9... Q-Q2: 10 B-QN5? P-QR3: 11 B-N, Q-B: 12 P-B4, P-QN4! Seizing the initiative; from

might have the singleton Queen, played his Ace — it did not cost anything — and I ruffed. After ruffing another spade, on which East dropped the Queen, I cashed the diamond King, and ruffed a diamond. West following with five and nine.

At this stage I placed East with four spades and six diamonds, and therefore with three clubs. I crossed to the club King, returned a club, finessing the Knave, and the slam was made.

East-West should have followed my rule — seven spades is only one down against a club bid. Against a heart lead it is a make.

This hand, also from rubber bridge, occurred a few years ago.

BRIDGE

WHAT A sensational start I had last week to a session of partner play. This was the first hand of the afternoon:

N
1 2 3 4 5 6 7
E
K 5 4
W
A 1 2 3 4 5 6 7

DIVERSIONS

How to be chic and cheerful in Paris

On the avenues of the world's most romantic city, you see them all about you... women with the touch of class that just oozes money. But most are only ordinary people—so what's the secret? In the second of two reports, we look behind the facades.

Lucia van der Post



HOW DOES she do it? The glossy Parisienne with her fashionable droopy dress, her new flat shoes and with her freshly waxed legs looks as if she has walked straight out of a hairdresser or a beauty salon. Her cellulite has been pummeled away and from the spring in her step you can tell her feet have recently enjoyed a "pedicure medicale".

Yet she's probably a secretary living on limited means, or a housewife struggling to make ends meet. She wears Agnes B linen or Issy Mikoyake with expensive accessories. Even her plimsolls are chic. She may well have an Alexandre haircut, her pores may be courtesy of Carita, but you can bet your plastic sandals its all done on the cheap. Every French girl has her "astuces". The Parisian survival kit is made up of "bona fides". For some, it may be cutting foie gras and lobster at bistro prices in specialist restaurants like "Au Cru de Bourgogne" in the First Arrondissement, run by the mountainous Madame Larcier et Ses Enfants (the latter being two skinny, harassed ladies of a certain age). Or it may be the clever dresser's living in a "chambre de bonne" around the corner, who can run up a wardrobe of children's clothes using designer fabrics from factory shops.

For many, though, the first priority is a trip to the "stocks" or clothing discount stores which offer designer clothes at up to half price. The stocks tend to be found far from store like Au Printemps on bustling Boulevard Haussmann, in the grimy 14th Arrondissement, in particular rue d'Alsace, in the Marais, or down by the Gare d'Austerlitz.

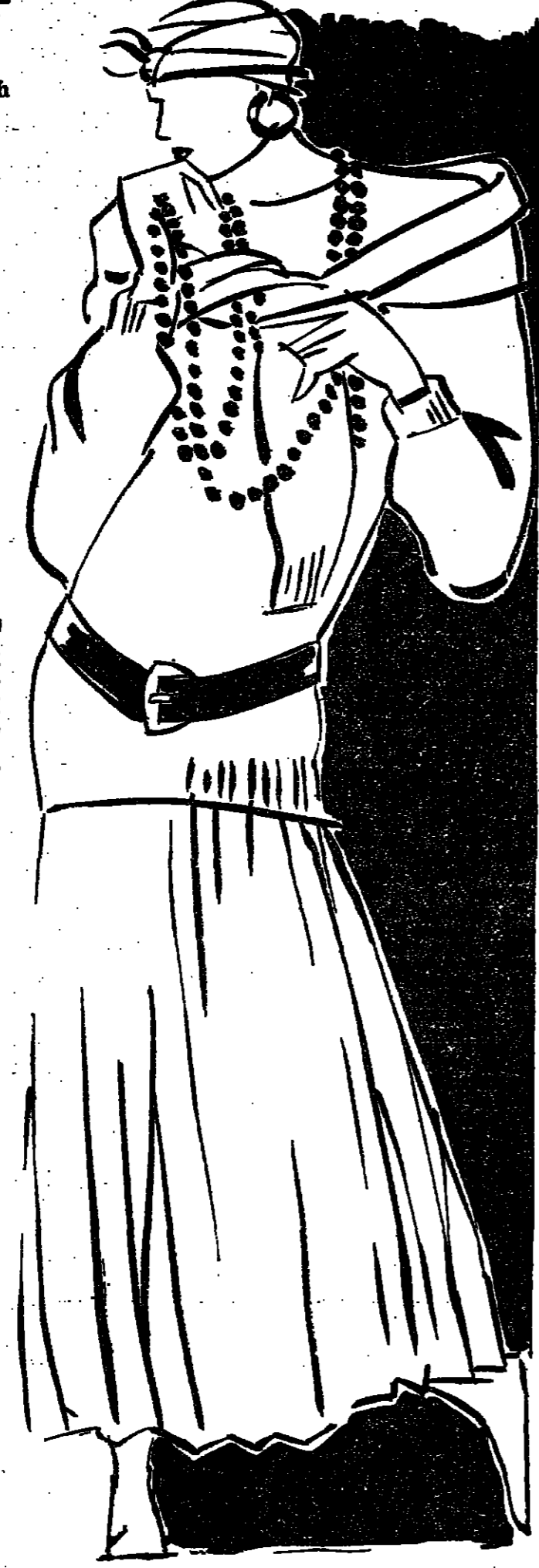
The stocks vary in quality. Sometimes they have garments so dated they are not worth buying at even an 80 per cent discount. But at Daniel Hechter, for instance, at 16 Boulevard de l'Hopital in the 13th Arrondissement, opposite the Gare d'Austerlitz, there are shirts at FF 130, narrow skirts at FF 800, long narrow skirts in cream wool for FF 300 and classic trench coats for around FF 600. With the £ at around FF 11, it's really not at all expensive by any standards. An excellent range of children's wear is also available. There is no need for a trade card or "laissez-passer" and the shop shuts at lunchtime.

At Emmanuelle Khanh at 6 Rue Lescot at the edge of the Halles shopping centre, there are both men's and women's clothes. You climb to the first floor where there is a notice inviting husbands to wait outside, so as not to embarrass other men's wives who may be trying on clothes. The embroidered and scalloped white cotton which is the hallmark of Emmanuelle Khanh is there in abundance. There are also simple silk blouses for FF 350, raw silk shirts for FF 300, and the new collection of leather lumberjackets at FF 2,100 and leather skirts from FF 1,300. The shop is open from 10 am to 6 pm.

At the Marais is Agnes B, where upstairs at 3 Rue du Jour you can find long narrow dresses in white linen for FF 780 and pink or grey tee-shirt dresses covered with what the French call "pois" which somehow sounds more attractive than spots. For FF 280, in the basement there are end-of-the-line discounts where young-style bargains are to be had.

Over in the 9th Arrondissement at 85 Rue Montmartre you will find Mercedes Saint Laurent—here he sells the model garments used in the collections, the leftovers from the previous season. There are no private changing rooms and no advice from helpful assistants but at prices that are usually less than 50 per cent of full retail price, it is worth putting up with less than perfect conditions.

Nearly every well-known clothes designer has a shop like this, from Nina Ricci to Cacharel or Jean-Louis Scherrer. They are listed in the Gault et Millau guide to Paris, which is an indispensable source of information on anything from swimming pools



to bus tours or wedding dresses.

There are other shops, too, which offer more housewife bargains. Just off the rue de Rivoli, at 5 rue St Martin, is Texsafrax, which has sheets, towels and table linen at up to 50 per cent off the retail prices. Particularly good value are the Descamps range by Primrose Bordier, whose towelling dressing gowns are on offer at half price and whose children's bathrobes are selling at FF 125. There is also a good looking sportswear and tracksuit range in towelling, starting at FF 180.

A few steps down from Texsafrax are the two stores where Parisians go for bits and pieces of hardware, and especially "les gadgets". These are the Bazar de l'Hotel de Ville (BHV) and the Samaritaine, both of which are reminiscent of the late lamented Damages in High Holborn, of which it was once said "many people come in, but some never find the way out again".

In the BHV there is an astonishing choice of small machines for helping to maintain the body beautiful, from cordless hair stylists to steaming machines and from sun beds to face steamers. Oddly enough, next to the electronic dog pressure monitor were displayed a pair of electrical dog clippers. In short, there is everything for the home, the garden, the second home and the garage. It's a bricoleur's paradise.

The Samaritaine is very similar, with some good bargains in cooking pots—its a good place to look for a fish kettle—or if you need artificial flowers there is a room full. In the textiles department, Samaritaine has thick linen sheets made in the Vosges mountains, at from FF 300 for a linen-cotton mixture called matis, to FF 700 for the pure linen.

In the store's clothing department it is well worth looking at workmen's overalls, chef's uniforms and men's underclothes, all of which tend to crop-up as fashion items in French magazines and which have the added virtue of costing very little. One of my best dressed French girlfriends keeps a pair of paper overalls in her kitchen, bought from the paint department of Samaritaine, and slips them on over her Saint Laurent as she copes with the finishing

touches to one of her elegant dinners.

The pressures of living in Paris are not just on the pocket; saving time is just as important to the distraught Parisienne while she fights her way through the days of "metro-boulot-dodo". Living as she often does in a tiny apartment with a galley kitchen and a cooker that has to double as a work surface, she makes good use of the "traiteur" to be found in every quarter, who prepares food for any occasion ranging from "petit snack" to lavish entertaining.

The local restaurant will sometimes supply and even deliver to your door, either on course or a complete meal. Fishmongers will certainly prepare beautiful "plateaux des fruits de mer" that are worthy of the most expensive restaurants and the local baker will be happy to roast large joints of turkey which will not fit into the typically small French oven.

Every quarter of Paris also boasts an enormous choice of places where both men and women can keep up their well groomed images. It is very easy, and not at all expensive, to have regular face cleaning sessions to squeeze out the pollution, or to pop in for a manicure before a party, and to strip off superfluous hair at regular intervals.

Even this beautifying is getting easier as the black economy grows and the hairdressers go in for moonlighting. On a busy day in the 16th Arrondissement, one of Paris's most chaperoned women was having her nails done while she talked on the telephone. The girl who had come in to work on them used to work in a salon, but now she goes only to people's houses. Before lunch the same girl helped my friend to do a quick touch-up job on her depilation, protecting the carpet with a plastic dustbin bag. Later in the afternoon, after more telephone calls and before rushing to the airport, a tall young man with long blonde hair appeared to trim and style her hair in her own bathroom. In a salon the client would find herself paying about FF 700 for his service, but this young and sought-after coiffeur prefers to work "à domicile." He charges around FF 250, will also go to hotels and his telephone number is 501 9279. Just ask for Siegfried.

Pamela Readhead



Les Jardins de Bagatelle in the Bois de Boulogne

Ashley Ashwood

Eating out

BOOKS HAVE been written on the subject of how and where to eat in Paris. Here, I can only pick out a few of my own discoveries. If it's the food and the price you mind about, avoid the cafes with the pretty umbrellas in the main tourist areas—for a coffee and a Croque-Monsieur in a bar on the Champs-Élysées you will pay as much as for a meal in a little bistro du quartier.

Some cafes, though, are worth it just for the passing scene. If you are shopping in the fashionable area of the Rue de Grenelle, Rue du Cherche-Midi, take a reviving glass of Sancerre and a plate of cheese or saucisson in Le Sauvignon, a tiny bar on Rue des Saints-Pères, and watch the world go by. Cafe de Flore or Aux Deux Magots are still good value for giving you a comfortable perch from which to watch the St Germain parade. The food at Brasserie Lipp, on the opposite side of the Boulevard St Germain is no great shakes, but if you can get a table on the ground floor (difficult because the waiters have an immaculate nose for the visiting tourist whom they treat with contempt and usher upstairs where you will not hear a word of French and certainly never see any of those politicians the Brasserie is said to be famous for) it is worth it because of the inimitable atmosphere. As one guide put it: those who are obliged to eat upstairs don't talk about it.

If you are shopping around the smarter areas of the Right Bank, the Bar Theatre in the Avenue Montaigne is a chic place for a quick snack or light meal at any time of day but also late at night after the theatre.

The hottest restaurant in Paris at the moment is Lucien, at 9 Place de la Madeleine where Alain Senderens, the chef who made L'Archestrata the most difficult-to-get-into restaurant in Paris, is repeating his successful act. Tables for dinner usually need to be booked about a month in advance so I never made it but the food they tell me is sublime. Reckon on about £50 a head without wine.

Taillevant, 15, Rue Lamenais, 86, my Parisian friends report, is the most notable of all Paris restaurants, whilst Au Trou Gascon, 40, rue Taine, in the 13th arrondissement, offers a marvellous mixture of lively atmosphere, delicious food (mixing provincial southwestern food with touches of nouvelle cuisine) and a vast selection of fine wines.

A good businessman's res-

aurant is Chiberta, 3, rue Arsene-Houssey, 96, just off the Champs-Élysées—chic, busy and with original nouvelle cuisine food. Just up the road from the Quai d'Orsay is the Bellecour at 22, rue Surcouf, 76 offering Lyonnais cuisine and some of the best value around. For refined and delicate fish and other nouvelle cuisine delights go to Ma Cuisine, 18, rue Bayen, 176 and for a busy lively brasserie atmosphere and a wonderful plateau de fruits de mer there is Le Vaudeville at 29, rue Vivienne, 26, just opposite the Bourse—if you don't book, be prepared to queue.

For a whiff of old Paris try the Polidor, 41, rue Monsieur-le-Prince, 66, or Le Petit Zinc, 25, rue de Buci, 66—two bistros with genuine atmosphere where you can eat well without breaking the bank.

For tea go to Angellina, 226, rue de Rivoli, opposite the Jardin des Tuileries—real chocolate is used to make the richly delicious hot chocolate and it's the best place I know to recover your zest for another assault on the galleries or "le shopping".

Out of doors

Hidden away in the garden of the Palais-Royal are two restaurants where on a sunny day they bring out the parasols and you can enjoy being out of doors without the whiff of petrol fumes in your nose. Neither are grand or expensive but they could make a refreshing stop in your day. There is La Caudoise offering a simple menu at FF 120 while higher up the Muscade offers a FF 100 menu with specialities like Brandade de Morue or Blanquette de Veau.

If you are feeling like lashing out and getting dressed up, go to the Ritz-Espadon in the Place Vendôme where you will be wonderfully looked after and can eat the sort of food that goes with out-of-doors—simple grills of sea bass or turbot, preceded by asparagus and followed by fraise-des-bols.

Or try Les Jardins de Bagatelle, parc de Bagatelle in the Bois de Boulogne where you can see facing the little pavilion of Napoleon III—light, simple food at about £20 a head.

La Closiere de Lilas, 171 Boulevard du Montparnasse, is lovely for a romantic dinner for two—you can eat inside or out and, though the food is nothing to rave about, it has a special atmosphere.

Food shops

THE GREAT thing about Paris is that people still live in their quartier, so every quartier has its own food shops, its delicatessens selling the sort of thing that in Britain you can only find in Harrods or a Soho speciality shop.

For La Grand Bouffe, however, a visit to the Place de la Madeleine is a must. The windows of Fauchon at No 26 are sight that must be seen once in a lifetime—giant turbot stuffed with layers of spinach and sorrel, coated in sauce and then decorated, stuffed chicken en croûte (FF 45 a piece), langoustines, crabs, pâtes and terrines, the colours and shapes so dazzling it seems more like a still-life than food. However, go inside and you will find wonderful things to take home—jars of mustard, small soufflés ready to cook in heat-proof jars, a collection of oils and vinegars to please any gourmet, no matter how modish. Across the road you can choose your own cake or patisserie and eat it at the bar with a cup of coffee. Prices are high—you can certainly buy cheaper, but a Fauchon label has a definite cachet.

On the other corner is Hediard, offering lovely honeys, fruits so exotic that even I, born in the tropics, had not come across them all, and pure fruit purées (passion fruit, myrtle, etc) in bottles which make excellent sorbets and therefore excellent presents to take home. Hediard has a small but elegant restaurant on its upper floors where you can eat a small but elegant meal in the Hediard style.

Then at No 19 comes the Maison de la Truffe with, as you might suppose, more delights for the greedy—truffles and foie gras, truffled pâtes and terrines. Not cheap but small enough to cart home.

Scoop up caviar next door at Caviar Kaspiya—or smoked salmon, trout or eel or sturgeon. POLIER, 77, rue Saint-Louis-en-Ville, 46 is a delightful shop specialising in oils of every kind, from finest extra virgin to coconut oil and palm oil. Look out, too, for its vinegars, ranging from raspberry to "de vin blanc de Champagne." You'll never feel quite the same about oils again.

For chocolates go to Fouquet, 22, rue Francoise-Ler, 86 where all these "ruineuses douceurs" are made by hand, or to Lenotre, 44, rue d'Antant, 186 where the chocolates are quite simply some of the best in the world. If you're wandering around the Place de la Madeleine you could also rest assured that those sold by the

Marquise de Sevigne at No. 32 are of the highest quality. BERTHILLON, 31, Rue Saint-Louis-en-Ville, Paris 4. If you can stand the queues—and even in mid-winter they are usually lengthy—it is generally agreed to serve the best ice-creams in Paris. Several Paris restaurants and cafes serve the ice-cream and sorbets, if you really can't face the queue...

Night life

PARIS has the great advantage over London of seeming to be alive until well into the early hours. Bars and cafes stay open much later and for a touch of luxe you can always start off with a drink at the Carlton Bar if you cannot afford to stay

there. A trip up the Eiffel Tower at night is a must if you have never done it—avoid the crowds waiting for the lift by going up to the Jules Verne restaurant bar where, for a price, you can sip a drink and look at the sights.

The food at La Coupole in Montparnasse was disgusting last time I tried it, but a late-night visit is worthwhile just for a view of the passing scene. Of all the night shows The Crazy Horse Saloon at no. 12, Avenue George V, is reckoned to be the best, the most sophisticated, the most fun. Don't go there to economise. Remember: to book and prepare to enjoy yourself.

Lucia van der Post



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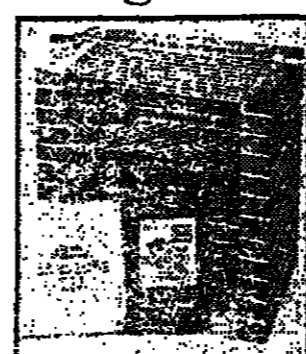
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Of grills
and grilles

built barbecues and their simple kits provide everything the keen outdoor cook might need—except the bricks (remember to use fire bricks, not soft

house bricks, which may crack). In the kits are the grids, grills, trays, rotisseries, supports, book of instructions and, should you be bereft of ideas, recipes. Since I last looked at the Black Knight range the number of kits has expanded to include a circular free-standing brick design, a giant size (48 1/2 in by 17 in) oblong one and a gas-fired barbecue as well as the two standard three sided oblong kits.

Prices range from £49.80 for the smallest (17 1/2 in x 15 1/2 in) but this includes a rotisserie, book of instructions and, should you be bereft of ideas, recipes. Since I last looked at the Black Knight range the number of kits has expanded to include a circular free-standing brick design, a giant size (48 1/2 in by 17 in) oblong one and a gas-fired barbecue as well as the two standard three sided oblong kits.

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I travel not to go anywhere, but to go

FOOTSTEPS: ADVENTURES OF A ROMANTIC BIOGRAPHER by Richard Holmes. Hodder & Stoughton, £12.95. 287 pages.

RICHARD HOLMES begins by describing a journey on foot through the Massif Central along the route of Robert Louis Stevenson's *Travels with a Donkey in the Cévennes*. Holmes was only 15 at the time, but already exhibits that obsessive curiosity about the life and work of certain writers which is the unifying spirit of *Footsteps*.

At times Stevenson's 1873 journey seems more real to him than his own. He indulges in Stevenson's passion for camping out under the stars. He compares Stevenson's journal and the published version of his *Travels* as he passes through the same hamlets and villages. He tells us how he discovered

the importance of Fanny Osbourne to Stevenson's Cévennes journey, and he relates the progress of his own increasingly odd psychological state, induced by his immersion in Stevenson and his solitude.

Looking back on that journey with its hallucinations, vivid dreams and sudden depressions some 20 years later, he regards it as his initiation into the "biographic process." He experienced a strong and unexpected self-identification with Stevenson. This was further complicated by his new awareness of the past as "another country" full of tangible presence for the biographer.

This feeling can lead to the deceptive belief that one has "planned down" a character from the past which is shattered once one looks at the intricate web of relationships within which that person lived. Here is where the need for contemporary third-party evidence in the forms of letters, journals,

to objectify one's imaginative intuitions comes in. Holmes pursues the biographical process with ever-increasing sophistication and academic expertise, yet never loses touch with his own imagination and intuition. His interest in a character usually grows out of some event in his own life which has a strong emotional or intellectual effect on him. Like all good Romantics, it is often difficult for him to untangle his emotions from his intellect.

His excitement at the events of May '68 in Paris send him off on a second biographical excursion which examines the part played by English intellectuals in the other French Revolution. He finds what he is looking for in the writings of Mary Wollstonecraft. His chapter on her is full of interest, but as he admits himself, it is inconclusive because her own personal tragedies overshadow her revolutionary experiences.

But through her daughter, Fanny Imlay, she leads Holmes to Percy Bysshe Shelley, who was the subject of his excellent biography, *Shelley: The Pursuit*. The account given here of the research in Italy which preceded its writing and the amount of investigation — academic and imaginative — needed to sort out the relations in the Shelley ménage is every bit as gripping as one would expect.

After Shelley, Holmes wanted a break from biography and went to Paris to write fiction. He took a part-time job teaching English to schoolchildren, and tells us that "The rumour ran among the ten-year-olds that Monsieur Holmes was directly descended from 'Le Grand Sherlock'."

Like most of Holmes' jokes and asides, that is an extremely telling one. This final chapter is about his study of the visionary poet Gérard de Nerval, whom most people know as the man who walked

a live lobster on a blue silk ribbon through the gardens of the Palais Royal. The detective work involved in Holmes' pursuit of Gérard de Nerval is indeed worthy of his namesake. Nerval was mad, but he was also a very fine writer. Holmes' search for the motive of Nerval's suicide leads him to the brink of madness himself, and it is only the intervention of his eminently sensible friend, Françoise, that sends him back to England with the germ of this book in his mind.

Romantic biographers, it seems, have a great need of sensible friends. Fortunately for us, Richard Holmes has been courageous enough to brave the extremes of his profession and come back with a fascinating report which provokes a wealth of speculation on the nature of modern biography.

Alannah Hopkin



Fervour of the Revolution: street violence and looting in Paris, 1968 and 1972

Fiction

Matters vital to civilised survival

A PERFECT PEACE by Amos Oz. Translated from the Hebrew by Hillel Halkin. Chatto & Windus £9.95. 374 pages.

THE TENEMENT by Iain Chrichton Smith. Gollancz £7.95. 189 pages.

SECOND MARRIAGE by Frederick Barthelme. Dent £9.95. 184 pages.

THE DOUBLEMAN by C. J. Koch. Chatto & Windus £9.95. 326 pages.

CALL IT A CANARY by Peter Timmiswood. Macmillan £9.95. 234 pages.

AMOS OZ is, together with Yehoshua and Appelfeld, the most interesting living writer in Hebrew. *A Perfect Peace* was published in Israel in 1982; now it arrives in a very fine translation. Like much fiction from Israel, it is important as a historical document as well as a novel. Some Hebrew novels are less novels than intelligent documents; but this one is important in both senses.

It is set on a kibbutz in the 1980s. One of the protagonists, Yonatan Lifshitz, wants to escape from his surroundings, which he finds monotonous. The other, Azariah Gilin, wants above all to be accepted as a kibbutznik.

What is excellent about *A Perfect Peace*, its author's finest book to date, is that it has been generated not by theoretical considerations, but by a gifted imagination. These two men are people, and very interesting ones. It is no more than a tribute to Oz's artistic powers and integrity that their fate, and how they feel and think, are matters possibly vital to the survival of a civilised West. Oz is one of the leaders of the Peace Now movement, and daily seeks intelligent accommodation with Arabs of good will like himself. The book is written in what might be called a Russian rather than an English mode; it has an epic sweep, a mighty grasp of

the complexities especially suffered (one might say) by Jews living in Israel. It is sad, funny, except in characterisation, exact, in its intelligent vitality. But it is mercilessly exact: it omits nothing that might seem to be to its disadvantage. Here is an important, heart-warming, frightening novel which demands to be read by conscientious people.

Iain Chrichton Smith, who writes in Gaelic as well as in English, is one of the five or six living British poets really worth reading. He is also an excellent novelist, somewhat neglected in that respect by reviewers and critics. This is his tenth novel (there are some collections of stories, too). It is one of his best, demonstrating all this quiet and meticulous writer's strengths: refusal to manipulate his material to the pleasure of critical readers, compassion, and a newly-found sense of humour.

The Tenement is a chronicle of desperate lives lived in a century-old block of flats in a Scottish town. Each of the inhabitants is utterly "ordinary" and Chrichton Smith shows how extraordinary that is. The book looks like an exercise in neo-naturalism. In fact it is carefully underpinned by a complex and compelling religious symbolism. It is eminently readable, especially for almost shockingly exact dialogue. It is a most elegant and accomplished piece of work by one of the most consistently excellent writers of his generation.

Second Marriage, Frederick Barthelme's first novel, comes from America on the heels of a much-praised collection of stories satirical of the Playboy ethos. It is an ultimately moving tale of what I should call a victim of pseudo-feminism: Henry's ex-wife moves in with his present wife and suggests he take off.

He does. The result, told in Henry's own narrative against a background of parking-lots, convenience foods and brittle

ersatz entertainment, is not much short of tragic, although there is plenty that is comic. The way, if the novel is empty, that is only because Barthelme (not to be confused with Donald Barthelme) is at pains to show what happens to people who cut themselves off from their own emotions at the cost of pretending to be free to do what they like. It is horrible and fairly unerring; I should now like this author to write about some relationships between real people.

C. J. Koch is one of the many talented Australian novelists who have not been able to break away from the spell of Patrick White. Like the others, he tends to insist on trying to do what White does better than White. But *The Doubleman* is a good novel despite that. His Byrnes are a folk group of the 1950s which in some ways resemble the Seekers. These three Thesmans first come under the spell of an eccentric guitarist, Broderick, on their native island. They go to Sydney and find success. But Broderick haunts them, the "Doubleman" who gave them strength and will now destroy them. It is a good and eerie story, the background meticulously researched. Come to think of it, perhaps the Australian novel is growing out of White at last: could he have done the confrontation between Magic and Christianity better? To make one ask that question it has to be pretty good.

New novel by Timmiswood. Funniest of all writers of his generation. Too short sentences. Not bloody short enough. First Brandon Carter for ten years. All right if you like that kind of thing. Not sure the comedy's very black though. Not funny enough if you ask me. But all right if you like Timmiswood. Oh, certainly. Only takes about an hour to read though. Almost nine quid. Bit steep. Wait for the paperback.

Martin Seymour-Smith

THE LAST ROMANTIC: A BIOGRAPHY OF QUEEN MARIE OF ROMANIA by Hannah Pakula. Weidenfeld & Nicolson £14.95. 510 pages.

ALTHOUGH SHE would spend most of her life at a Byzantine court in the Balkans, Hannah Pakula's heroine was born: a British princess, her father being Queen Victoria's second son, Alfred, her mother a plain and formidable Russian Grand-Duchess, only daughter of the Emperor Alexander II. It was the combination of ancestral strains, English, Russian and German, that no doubt, helped to shape her adult character;



Marie of Romania—coronation poster of 1922

but the English strain predominated in her youth; and the happiest period of her girlhood, she said, was a carefree holiday she had spent at Malta, where her sailor cousin, "George," later George V of England, became her favourite companion and "her loved chum."

He returned her affection. When they were separated, we are told, he frequently wrote to her "dear Miss" — her nursery pet-name — assuring her that she was "always in his thoughts," sending her "a great

big kiss." and adding "I never show your letters to anybody and I hope you never show mine!" Notwithstanding the Prince's wise precautions, his parents, the Prince and Princess of Wales, soon became aware of his attachment, and suggested that George and Missy would make a splendid married pair. Queen Victoria warmly favoured their plans; but the Duchess of Edinburgh, having set her heart on a German dynastic alliance, stubbornly resisted the proposal and, after some discussion, got her way.

To speculate on what might have happened in history, had the circumstances of a situation been ever so slightly changed — had the Duchess of Edinburgh, for instance, been less the autocratic Romanov — is often a stimulating exercise; and to imagine Marie as George V's consort is a particularly daring flight of fancy. Although she had English tastes, and loved her nautical chum, could she, like good, quiet "Cousin May," who eventually took her place, have developed into a pattern of domestic virtue and presided over a court that, if it lacked brilliance, was singularly untouched by scandal? Her failure to reach the British throne may not have altered the course of modern history; but it certainly spared us some disturbing crises.

Marie was evidently not the stuff of which devoted royal wives are made. A born egoist and, as she grew older, an inveterate exhibitionist, she naturally attracted storms; and romantic love was an aspect of human life she had always found engrossing. The husband her mother had chosen for her could never have satisfied her emotional demands. Ferdinand of

Hohenzollern-Sigmaringen, once his uncle had died Ferdinand I of Romania, whom his relations nicknamed "Nando," was an amiable and well-meaning, but "greatly limited," provided she did not tell her husband "the whole truth," she had "time still to become a good steady woman," was presently followed by a long liaison with Prince Stirbey, a cultivated *homme-d'état* and accomplished political adviser. Then, during the turmoil of World War I, Stirbey himself was succeeded, yet not entirely supplanted, by a bizarre adventurer named "Klondyke Boyle," this time a rugged man of the people, but the impassioned knight-errant she had long been needing.

What she needed above all else, however, was a spacious public platform; and that she discovered when war and revolution began to break up the ancient royal world; in which, as Queen of Romania, she had played a decorative, if unimportant role. Tired of designing gardens and pleasure-ground, she rushed towards the battle-front, and there adopted the heroic garb of another Florence Nightingale. Her soldiers worshipped her; or so she proudly claimed. They liked to kiss her hands; and, although the hospitals were frequently typhus-ridden, she

insisted on pulling off her rubber gloves. When doctors and nurses protested, her volubility didn't want to "kiss rubber," she replied in her rich, resonant voice.

Next, it was the turn of European statesmen assembled in Paris for the Peace Conference; and on them she descended from a sumptuous private train. The suite of 20 rooms she occupied at the Ritz was immediately filled with flowers; and she herself had brought "60 gowns, 31 coats, 29 hats, and 83 pairs of shoes." Among the statesmen she intended to captivate, Clemenceau alone managed to resist her charm and stared at her "ferociously," but, as an advocate of Romania's territorial demands, she was at least more successful than her country's Prime Minister, Ion Brătianu.

Despite its rather foolish title—Queen Marie was neither a true Romantic, nor, indeed, the last—and despite some unfortunate stylistic touches, Hannah Pakula's substantial biography is well worth reading. She does not deny that her protagonist was a preposterously conceited woman, regarded by her people as an invaluably source of "copy," she extended her conquests to the New World, and was the first Queen ever to ride in triumph down Broadway. Mayor Jimmy Walker, at her side, beneath cascades of ticker tape,

Peter Quennell

Prodigy of high purpose

JOHN RUSKIN: THE EARLY YEARS 1819-59 by Tim Hilton. Yale University Press. £12.95. 301 pages.

RUSKIN, whose first editions I can remember on the dusty shelves of bookshelves' backyards, is the last of the great Victorians to be justly prized. Tim Hilton claims to have been interested in him for 30 years, and seems to know him better than most. He writes in his long life—even finding in late and neglected works like *Fors Clavigera* his finest achievement. That challenging claim makes his second volume worth waiting for. Here, in the first, and using diaries only recently available, he takes the long story from south London through Oxford and Italy and into Ruskin's fortieth year.

The pace is brisk. In nearly 60 years of authorship, Ruskin poured out some 250 titles—along with lectures, articles, letters and 30 volumes of diaries. No wonder, one is inclined to think, that his marriage was unconsummated; though Mr Hilton makes his humiliating failure with Eliza Gray, who later bore Mills's eight children, a muddled domestic tragedy compounded of a bridegroom's respect for womanhood, maternal domination and some mysterious repulsion over his bride's physical being. It is a question, in any case, whether a honeymoon can ever succeed in Blair Atholl. A virtuous and abstemious paedophile Ruskin may well have been; but the new biography, which is judicious and well documented, makes nothing

ing too much of the prurient aspects of a sad life, and more (as is proper) of its high creative purpose.

Ruskin was a prodigy. Dedicated to a life of art from the age of 14 when he first glimpsed the Alps on a family expedition from Schaffhausen, he began publishing *Modern Painters* in 1843 at the miraculous age of 24, like Dickens when he started *Pickwick*. *Modern Painters* is about the superiority of the new English school of artists, especially Turner, and Mr Hilton shows how much it owes as a book to the quiet, studious cultivation of south London, and how little to the great public galleries already emerging across the river, or to the undergraduate life of Christ Church, Oxford. The point is not new, but it deserves emphasis. Editing the autobiographical *Præterita* nearly 40 years ago, and in autobiographical style, Kenneth Clark remarked on the artistic impulse of a philistine and puritanical home, which both Clark and Ruskin enjoyed.

Ruskin needed his suburban asylum, took it with him in his early years to Oxford and Italy, and felt the lack of it when he lost it. The story is good enough to make one want more, and the book raises its head well above the ordinary ruck of biographies which, in a biography-boom according to foreign visitors to these shores, now sustains the life-blood of so much of British publishing.

Only the friendship with Turner, who was also touched by insanity, and Ruskin's quarrel with him, leaves one seriously unsatisfied and asking for more; and the strange episode by which Ruskin's obscure drawings after his death in 1881 call loudly for an explanation that the evidence, as presented here, does not supply. But then these are deep and ever deeper waters, unstirred by a life too scrupulous to invent and too respectful to conjecture.

George Watson

Anglo Irish eyes

FIGURE OF EIGHT by Patricia Cockburn. Chatto & Windus, £10.95. 243 pages.

PATRICIA COCKBURN's autobiography is in the hallowed tradition of aristocratic memoirs. An eccentric childhood in southern Ireland, followed by such Wodehousean diversions as "The Great Bore Competition" among the local gentry, an inside view of grand living—cheese after lunch, never after dinner, and pork only consumed by the servants; a delightful season which brought her a suitable husband; and then a Grand Tour.

But then, two-thirds of the way through her story, Patricia meets Claud Cockburn, the Communist journalist, and her life changes: it becomes much more boring. Fortunately Claud dies of the comrades by 1947 and Patricia takes him happily back home to Ireland to enjoy reduced circumstances of her youth.

Patricia Cockburn seems to have got her own way in most things, and underpinned by Arthur's not banking money, has escaped most of the material constraints of life. Although taking a jaundiced view of the class system she never cut herself loose from its privileges. Her statements on global issues are what you might expect from someone who is obviously intelligent but completely uneducated—a mixture of the naïve and of the common-sensical.

It is easy to share Patricia Cockburn's nostalgia for the life of the Anglo-Irish gentry of pre-war days, and she manages to make the 1930s seem like the 1830s. Perhaps there was little difference for the rich.

Antony Thornecroft

THE PAINTED WITCH by Edwin Mullins. Secker and Warburg, £15.00. 230 pages.

EDWIN MULLINS is described as novelist, art critic and journalist, best known for the BBC television series *100 Great Paintings*. His particular gift is that he can talk and write about art with a capital A from a bedrock of scholarship and insight but in language available to the layman. "The Painted Witch" is the best book about art I have seen for years, better written than Gombrich's less unadventurous Freud, not convention-bound like Kenneth Clark. It is printed on expensive paper, and has 435 illustrations, 23 of them colour plates, hence the fancy price.

But "The Painted Witch" is not just another art history book. Some years ago Mullins was reading Germaine Greer's "The Female Eunuch" and he was struck by the following statement: "Women have very little idea of how much men hate them." He was shocked by the

notion, but decided to pursue it. If it were true, then this hatred must be reflected in art, since works of art are commissioned, created and owned by men, and their chief subject is woman. His book is subtitled *female body/male art*. He accepted the Freudian premise that the artist creates out of his (and indeed "his") side G. (Greer) fantasy world a kind of reality which others (men, of course, or at least mostly) can share, thereby finding relief from their own repressions.

His subsequent journey is an eye-opener, as he re-examines famous paintings through a more modern prism, conscious of the mainstream of recent feminist thought. A famous art critic may describe Rubens' *Rape of the Daughters of Leucippus* as an "abduction which resulted in marriage," but Mullins will have none of it. Rubens' masterpiece (sic) is a rape picture, like Correggio's *Jupiter and Io*, placing women firmly within one of the roles allotted to them by men. There are many roles—Madonna, temptress, sinner, goddess, succubus, with, even homely wife—but the underlying intention, the unconscious reason, is the same: women must be painted as representatives, as models, not as themselves.

The real life models, of course, are flesh-and-blood women, as pretty, desirable, lusty, arousing, fantasy-serving as anything to be found on the street. Munch's *Madonna*, Botticelli's *Venus*, and Van Eyck's *Virgin from the great altarpiece at Ghent* would shame any issue of Playboy. But because they play the Virgin Mary or the Goddess of Love they are suitable objects for our voyeurism. Art sanctifies pornography, justifies the aesthetic drool, and above all keeps women in their place. And this is true even when the painted witch is indeed a figure of terrifying power. The Diana who slays Actaeon, already half-dismembered by her hounds, is a frightening figure, all right, but luckily for us she is two-dimensional, conventionally contained within a frame and hanging on the walls of the National Gallery. Such paintings defuse men's night-

mares by paying some sort of tribute to the power of the Female. Jung would have called them projections of the Anima.

Mullins says they are chimeras of men's buried terrors of what women might do if allowed to be themselves unchecked. And there is no more powerful painting of unchecked woman than Munch's *Charlotte Corday*. When Jacques-Louis David painted *The Death of Marat*, he conveyed a simple message of political assassination; the assassin does not even appear, we just see Marat dead in his bath. But Munch creates a far more disturbing picture by turning political tragedy into sexual psychosis. The entire focus is Charlotte, full frontal nude, rigid, impassive, a sentinel of menace. "Her bait is the promise of joy, but her reward for man's attentions is his destruction. She is lethal because she is sexual."

But Mullins does not offer us only the dark side of Woman, or of Man's image of Woman, leaving us in a welter of blood,

rape and torture. He states at last his view that there were indeed some great painted women who did paint women as they are and not as men wish them to be. His honour roll is short and idiosyncratic—Rembrandt, Watteau, Goya and Toulouse-Lautrec—and his reasoning highly original.

All four lived their lives under the shadow of affliction. Rembrandt was a bankrupt. Watteau was dying of a wasting disease. Goya went stone-deaf. Toulouse-Lautrec was a semi-dwarf. Such people cannot take their proud place in dominant male society. They seek women, similarly "incomplete," "crippled," "inferior." When they come to paint their pictures, they paint men and women as equal human beings.

It is an engaging theory, well-argued and to my mind self-evidently correct. It is the culmination of an engaging book. I hope it stirs the art world out of its chavvy complacency.

John Graham

Round the pavilions with bat, pad and a good book...

THIS SUMMER'S literary cricket-bag is heavier than usual with a varied range of contents.

Those two old friends the *Cricketers' Almanack* and the *Cricket Playfair* are among the annual offerings, both from Queen Anne Press. In the 100th edition of *The Art of Captaincy* (Hodder & Stoughton, £12.95) by Mike Brearley, Mike was an exceptional captain with a deep knowledge of the game, who understood players' needs and had the ability to motivate

in the World (Pelham Books, £8.95) is unusually outspoken and is bound to jolt many people, including some players and some cricket writers: not to mention some people in broadcasting. However, it is an enjoyable reading of his many adventures as a cricket commentator at home and abroad, especially his hilarious account of a "phone call from the banks of a muddy, alligator-infested river in Guyana while awaiting the arrival of the ferry, when the BBC hung up on that rarity, a world news scoop.

For me, the most fascinating and thought-provoking book in this season's collection *The Art of Captaincy* (Hodder & Stoughton, £12.95) by Mike Brearley, Mike was an exceptional captain with a deep knowledge of the game, who understood players' needs and had the ability to motivate

Test Match Special colleague, Don Mosey holds strong views on a number of issues which he is prepared to express forcibly; thus his *The Best Job*

A book or two to bowl you out

Intelligent, determined, articulate, and very shrewd, he was also a ruthless negotiator, who would have made an outstanding Trade Union leader, trusted and respected by his members, feared and tolerated by the establishment.

Mike dealt essentially with captaincy at Test and county level and he covers nearly every aspect, while his views on other skippers, including Colin Cowdrey, Ritchie Benaud, Ian Botham, the Chappells, Gary Sobers, Clive Lloyd and Ted Dexter, are both intriguing and controversial.

The current batch contains several autobiographies, the best of which is *Standing Back* (Collins, £8.95), by Bob Taylor, who was not only a brilliant wicketkeeper, but was also a splendid ambassador for the game. It will hearten novice keepers to learn that he once

dropped three catches in one over, but I was surprised to read that Roy Fredericks was put down "thrice" "off the inswinging bowling of Ian Buxton," surely outswingers to a "left-hander?"

I found Marks *Out of XI* (Allen & Unwin, £9.95), more enjoyable than the average account of a tour. Vic Marks' account of England in India, Sri Lanka and Australia last winter is light, pleasant and amusing, a young, laughing, win road, rather than full-blooded claret, but none the worse for that.

As we are now all wallowing in sporting nostalgia, inevitably cricket has followed the fashion with a number of reissues and some carefully researched, rather dull lives of long dead heroes. Best is a colourful collection of vivid paintings by Gerry Wright, called *Cricket's Golden Summer* (Gollancz, £9.95), with David Frith providing the commentary.

Trevor Bailey

مكتبة المصلح

ARTS

Ravinia Festival, Chicago

Spirit of the Proms on the shores of the lake

On Chicago's North Shore, 25 miles north of the centre of town, is Ravinia, a woodland park of some 38 acres that each summer since 1896 has mounted a lavish arts festival. The festival now ranges wide, from dance and drama to chamber music and jazz, but the core remains its orchestral concerts with the Chicago Symphony as its resident orchestra. The 50th season opened last month with a gala concert in which the Chicago Symphony was conducted by Ravinia's musical director James Levine.

Certainly the organisers feel they have plenty to celebrate, enough to chronicle in a magnificent illustrated history of the festival, and to invite European journalists over for the festivities. Maybe too they want to prove a point, for despite its breadth and vitality Ravinia has not acquired the same cachet in the U.S. as the Tanglewood, Aspen, and Marlborough Festivals. Perhaps its very popularity has been a disadvantage, for there is an engaging lack of pomposity about the proceedings, as if the spirit of the Proms had invaded a Glynedebourne-like setting.

Since it began as an amusement park in the early 1900s Ravinia has had several characters, more than 10 years, until the Depression put a stop to it, there was a regular summer season of opera in the park with international casts in fully staged productions. Now the centre of activities is a 3,500-seat pavilion, protected from the elements above but open at the sides. The audience (up to 15,000 on some nights) spills on to the lawns, where the pianists can listen to the concert through a sophisticated sound system that incorporates delay lines to avoid echo effects.

Clearly no expense has been spared in exploiting this peculiar blend of formal auditorium and informal cushion concert to maximum advantage. To anyone used to the precarious funding of London's orchestras, where the London Symphony Orchestra must work hard to find an extra £50,000 for the second phase of its Mahler Festival, the sheer extent of the commercial sponsorship of Ravinia is hard to appreciate.

The gala dinner before the first concert, attended by what were described to me as "the

shakers and movers" in Chicago's business world, clearly plays an important part in generating this; the whole of that opening night, dinner included, had been underwritten by a single foundation. And when one remembers also that the size of the lawn audience is crucially important in determining the financial success of each event, the curious dichotomy of the whole festival becomes apparent.

Binding the whole thing together are the concerts by the Chicago Symphony, regarded locally with what one soon recognises as characteristic Chicagoan enthusiasm as simply the best orchestra in the world. Hearing it *en fête* at Ravinia certainly encourages that view; in both programmes I heard the virtuosity and ebullience of the playing was quite infectious. The stage area of the pavilion has been furnished with acoustic panels to throw the sound to the farthest seats and beyond, and it produces a bright, slightly aggressive feeling, with a bass that sometimes sounds underpowered.

There is no room for understatement in such a place, nor for refined dynamics when a passing jumbo jet can easily drown vital bars. Hearing the Chicago's urgently projected performances, I wondered how much the experience of appearing so regularly at Ravinia had informed the orchestra's character, fostering the vividness and extroversion that are its hallmarks on European tours, and how its personality changes in its winter quarters in the city's Orchestra Hall.

Levine has been musical director of Ravinia since 1973, after making his debut there two years earlier when he took over Mahler's Second Symphony at a week's notice from Eugene Ormandy. He has aimed at mixed planning not just by including rock and jazz events but by placing 20th-century pieces alongside the standard repertory in a way that has never been too successful in London. At Ravinia it appears to work: Ives's *Unanswered Question* and *Three Places in New England* were both included in last Saturday's programme, together with Kiril Kanawa (making her Chicago

debut) in Handel, Mozart and Richard Strauss's *Four Last Songs*.

Here again in a single concert was the paradox of Ravinia, for to Kanawa sang "Let the Bright Seraphim" as her first item, which with its memories of the Royal Wedding (as strong for the American public as it would be in Britain) would seem to be the most unshamed piece of commercialism. No one seemed to mind, and the rest of the evening was entirely serious, with an account of the *Four Last Songs* memorable for the wonderfully controlled solo playing of the Chicago principals, and finally a *Will Eisler* that fizzed along engagingly.

The opening concert on the previous evening had seemed less successful. The orchestral playing was equally impressive, and Levine projected the music with equal forcefulness, but the bitness of the programme—an exact replica of the very first Ravinia concert 50 years earlier, conducted by Ansermet—left an impression of thinness. One could admire a solid, measured account of the *Meistersinger* overture, and a dazzling one of Berlioz's *Carnaval Roman*, but Beethoven's Seventh Symphony seemed curiously disembodied, with a scherzo taken at breakneck speed, and some of the quiet playing too restrained to make an effect in such a huge space.

In a real sense, though, the fine detail of the music-making seems less important than the occasion itself. The festival regulars know they have a great orchestra on tap, and that a certain standard and style of performance is well nigh assured. After that the ambition and breadth of the programming take over with the Ravinia regulars—André Watts, Peter Serkin, Lynn Harrell—making their annual appearances, and Levine performing a multiplicity of roles. Levine's contribution seems at present to be crucial, and certainly seeing him so deeply involved in the organisation, puts a further gloss on one's knowledge of a conductor known in Britain only for relatively infrequent guest appearances.

Andrew Clements



A scene from Wisniewski's "End of Europe"

International Theatre

Against isolationism

Tomorrow night, the Queen, Mrs Thatcher and Mr Norman Fowler will all be on hand to open the third biennial London International Festival of Theatre, LIFT, in Camden Lock, North London. Or at least their Spitting Images will. The satirical models from the TV programme will be guests in De Spiegelent (the Mirror Tent), a restored 1920s Dutch dance salon that will serve as the festival's headquarters and focus of alternative cabaret.

LIFT is the nearest the British Theatre has come to replacing the much missed World Theatre Seasons of the late Sir Peter Daubeny at the Aldwych Theatre. But internationalism in theatre remains as scorned a quality in Britain today as it was in Sir Peter's time. There is nothing in the Arts Council's charter to allow support for foreign theatre visitors, so this year's cost to the LIFT administration of £270,000 has been met by £100,000 from the Greater London Council, foreign governments, a small amount from the British Council-supported Visiting Arts Unit, and various sponsors.

These latter include Orange-brown who, at first time arts sponsors, draw a matching amount (£7,500) from Lord Gwennie's scheme; John Swire and Sons Ltd, who are supporting the Peking Opera at the Royal Court; and IBM who back the main free outdoor event in Battersea Park on July 23, a Spanish spectacle of fireworks, demons and dragons, *The Devils*.

LIFT was the brainchild of two Warwick University graduates, Lucy Neal and Rose de Wend Fenton, who sat down five years ago with a couple of empty notepads and a tele-

phone to bring foreign groups to London. Their shows in 1981 achieved 70 per cent capacity business in theatres they had to hire themselves. In 1983 the theatre world was nudging towards LIFT, splitting the box office takes on half of the performances. In 1985 Neal and Fenton have had to turn theatres down but are modest enough to admit that they have been contacted by many because the British theatre, in these economic dark days, can ill afford to find its own product.

Meanwhile, LIFT '85 gives us a first glimpse of the Peking Opera in the wake of the Cultural Revolution, with *The Three Beatings of Tao San Chuan* at the Court (opening July 24) giving prominence to Wu Zuyang, who, I gather, leads the campaign for young writers in China today: of the apocalyptic award-winning *End of Europe* from the Theatre Nowy of Poland at the Lyric, Hammersmith (from July 31); and of the Italian *La Gioia Scienza*, an allegedly extraordinary visual extravaganza at the Shaw Theatre (from July 18).

The one show I can unhesitatingly recommend on the evidence of a performance at the 1983 Nancy Festival, *Mass in A Minor* from the Mladinskio Theatre of Ljubljana, Yugoslavia, which opens on July 23 at the Riverside Studios. The show is inspired by a novel by Danilo Kis about Boris Davidovich, the Jewish revolutionary martyr who disappeared in Siberia during the Stalinist purges. The director, Ljubisa Ristic, is one of the most gifted in Europe;

he here serves up a wonderful feast of rough, sideshow theatre, with the audience surrounded by platform stages on which is enacted a complete range of European socialist and intellectual highlights and incidents.

Ristic, like Robert Sturua of the Rustaveli Theatre in Tbilisi, represents the vigorous political vaudevilian strain in European theatre in the traditions of Littlewood and Mnouchkine, a strain currently less fashionable than the glossy hi-tech aesthetic diletantism of Chereau, Stein and Streller. Ristic's Belgrade production of *Hamlet*, performed shortly after the death of the old Viking leader, Tito, was the most exciting reclamation of the play by the modern world I have experienced since the Peter Hall/David Warner version. To have Ristic and his work in London is a very great coup for LIFT.

It is left to our opera companies to employ the best, of foreign directors these days; the National and the RSC make little contact with the European mainstream, let alone its arterial rivers. And our fringe theatre, on the whole, remains locked in puritanical, outmoded attitudes of democratic ensemble and the playwright's precious integrity. For three weeks from tomorrow, LIFT offers a refreshing alternative. Some of it may not be good, but most of it will be different.

Tickets for LIFT are available through the respective venues' box offices, Keith Prowse (01-741 9999), or De Spiegelent (01-482 2323). Information on all LIFT shows is available on 01-240 9439.

Michael Coveney

Dance

Uncommon cause

Thursday night's Royal Gala at Covent Garden—the house handsomely decked with greenery for the occasion—was about fund-raising. Many gales are few, though, more deserving than this "Celebration of Dance" in the presence of Prince Andrew, in order to raise cash and to inspire sponsorship for the London Contemporary Dance Trust, its company and school.

It was, in many ways, an evening with a difference, with Makarova speaking, break-dancing, Zizi Jeannaire returning to London after too long an absence, Alvin Ailey's American Dance Theater, some new solos by Kenneth MacMillan, and LDC's own dancers showing off their prowess. Makarova was compère, her inimitable charm and humour, and even more her inimitable English, a delicious ingredient of the festivities.

The Ailey Company were seen in Billy Wilson's realisation of Gershwin's Concerto in F, whose jazzy rhythms and

blues shadings awoke the most vivid response in the dancers. The New York City Breakers spun and twirled like greased lightning; pirouettes on the head and shoulders a commonplace, a bodic movement across bodies, madcap caperings a gloss on this extraordinary manifestation of street art that is still true to its roots in an urban culture. (They even contrived to involve Makarova for an instant in a chain of wriggling—but she soon opted for a hint of *Swan Lake* before dislocation set in.)

The MacMillan solos offered a boxing number to Bach for Christopher Bannerman, a lyric episode to Rakhmaninov for Linda Gibbs, and a mysterious and questioning sequence for Ross MacKinnon to Telemann. And then, despite some disgruntled microphones which damaged a brief conversation, the stunning legs of Zizi Jeannaire were matched with the no less stunning limbs of Makarova, before Jeannaire and Luigi

Bonino launched into the flirtation of *Cheek to Cheek*, Jeannaire glowed and strutted and was her miraculous self, with Bonino the most elegant of partners, as they danced on and around two chairs and a table with devastating wit.

And, after briefly serious speeches about the value of LDC's work from Lord Gwennie and Makarova, the LDC troupe showed their best qualities in Robert Cohen's *Clash*, that hymn to the dancers' daily labours which produces such admirable artists.

The gala was made possible by the generosity of Essex; the future of LDC depends on the continuing generosity (as Robin Howard related in last Saturday's Financial Times) of corporations having a palpable sense of responsibility to the arts. The cause could not be more worthy, or more urgent.

Clement Crisp

Radio

A visit after school

One DM, in GK Weekly in the early '30s, had read some letters written as an exercise by primary-school children to their form-master. "A single sentence from this grubby nine-year-old East End," he wrote, "struck me like a blow: 'And when I leave school, and am out of work, I will come and see you'."

DM would have been knocked silly by Young Lincs on Radio 4 last Sunday. This was the second of three programmes marking a barely-observable festival, International Youth Year, and its subject was "Leaving School". All these kids, whose words were deftly marshalled by Sarah McNeill, knew that when they left school they would be out of work. Even the public school representative conceded that he might have to fill in a year or so, go abroad or something, before the Old Boys turned something up. There were some who wanted nothing to do with Job Centres, but would find something for themselves. "I can't handle that kind of life," said one resigned child, having described the kind of life only too common today. The feature was about the situation as it is; no solutions were offered.

Max Loppert

That afternoon we heard Caryl Phillips's *The Wood Yards*, winner of a Giles Cooper Award. (Another award-winner, Christopher Russell's *Summer*, was played the previous day.) Caryl Phillips, who comes from St. Kitt's, told of a 16-year-old black boy unhappy at a Birmingham school and unhappy in his broken home. A description more than a story, it was supremely well written and worthily directed by Vanessa Whitburn, who has a special talent for this kind of piece. Fine playing by Tony Armistead as the boy, Carmine Munroe as his mother, Rudolph Walker as his father (heard only on a time-shift) and Graham Padden as a resolutely sympathetic manager.

Into this world of sad young people, Radio 4 dropped *Getting Off Heroin* at bedtime on Tuesday. Not a formula, only a survey, but it seemed to me valuable, and might be repeated at some more accessible time. Frances Donnelly talked with people who had quit the drug and with some of those who had helped them. The first point made was that the process of coming off it is not so physically agonising as it is made out to be—"not worse than mild flu,"

said one sufferer. But people characters weakened by addiction, who cannot think of anything in the world more important than the next fix, will not go through with anything so disagreeable, so support and

Those demands can produce success in the face of endless discord, as we heard in *Blue* from the *Blue* on Radio 3 yesterday. Nemirovich-Danchenko, critic and writer, and Stanislavsky, actor and director, as likely a partnership as Shaw and Rattigan, started the Moscow Art Theatre in 1897 and turned out masterpieces together for decades, in spite of irreconcilable differences that went on and on. Nemirovich disapproved of Stanislavsky's acting theories (which all acting students are expected to know about today). Meyerhold's "absurd chatter" about rehearsing on the inspiration of the moment hardly went with Nemirovich's textual analyses that "penetrate the aroma of the author's intentions." Their letters, here put together and introduced by Jean Benedetti, were excellently read by Peter Barkworth and Bernard Brown.

B. A. Young

Saleroom

'Arthur darling...'
Read all about it

If it is scandal, intrigue and revelations you are after, forget about the *News of the World* and take yourself along to Sotheby's on Monday week for the auction of English manuscripts. This is the biggest sale of its kind that Sotheby's has handled; it also contains more than its fair share of delayed exposures.

Oscar Wilde is no stranger to gossip; but what of his wife Constance? Can history take away her good name? Two letters in the sale have a try. While Oscar was dallying with Bosie, Constance was writing to Arthur Humphreys, the manager of Hatchards book shop:

My darling Arthur, I am going to write you a line while you are smoking your cigarette to tell you how much I love you and how dear and deliciously you have been to me today... "and so on and so on. The letters each carry a top estimate of £3,500.

Royalty can always be relied upon for some salacious speculation, and here are some letters from the wife of the Prince of Wales: "Through we have now been married three years, twenty years I have twice been threatened with arrest... as your wife I feel I still have a claim upon your protection... how cruelly you have used me."

The wife was Mrs Fitzherbert; the husband the Prince Regent; the marriage unrecognised because she was a Roman Catholic and because he was also married to Princess Caroline. Most of her letters to the Prince Regent were burned after his death, hence the £6,000 estimate on the surviving six. And there must be takers for a letter from his daughter and heiress, the Princess Charlotte, extolling Dafy's Eliza which gives a certainly the strongest hope to attain Mebusul's "Age". She died in childbirth at the age of 21. Three of her letters might be bought for around £1,000.

Another Queen writes to her current husband claiming she would have married him much earlier if another had not withstood "my will thern most vehemently." Then another was Henry VIII who was safely dead when Queen Katherine Parr confessed to her fourth husband Sir Thomas Seymour that he would have been number three if Henry had not imposed himself. This letter could make

£20,000, while a devotional book with her signature carries a top estimate of £50,000.

As well as royal confidences the auction is strong on the innermost thoughts of the aristocracy. Lord O'Hagan is disposing of the papers of his most celebrated ancestor, Charles Townley, the 18th century dilettante whose collection of antiquities formed the nucleus of the British Museum. Over 1,000 letters are for sale, one the finest Georgian archives to become available in many years.

Townley knew everyone—Fox, Robert and James Adam, Nash, Sir William Hamilton, John Cleland—and his correspondents main subjects, not surprisingly, were art and sex, or as the catalogue puts it "the twin strains of neo-classical taste and eroticism." In all the archive should bring in over £100,000.

Another family clearing out its monuments room is that of Montagu, once the Earls of Sandwich. Its main offerings celebrate two fascinating, but diverse, moments of British history. A Montagu served Charles II well, and also employed Samuel Pepys, and on offer is the Declaration of Breda, issued by Charles as his bargain with the English people when he recovered his crown. It should make £60,000. A later Montagu, was Lord Sandwich, was a patron of Captain Cook, and there is an important collection of lots devoted to Cook's voyages.

In all, the auction should easily top £1m. Most of the buying will be British, but the Australians should be interested in Cook and the Americans (and the Japanese) in the 20th century English literature offerings, which culminate in a notebook of Yeats, which he kept between 1930 and 1933 with drafts of many of his poems. It is likely to make the highest price: its top estimate is £150,000.

And if anyone regrets this dispersal of British history overseas can blow a lament on the most famous horn in the national heritage—John Peel's. The genuine article is also in the sale, with a modest top estimate of £5,000. In 1951 Sotheby's sold it for £600.

Antony Thorncroft

Records

Rossini: grand-serious and Romantic

Rossini: Maometto II. Ramey, Zimmermann, Palacio, Dale, Ambrosian Opera Ch. Philharmonia/Scimone. Philips 412 149-1 (three records), also on cassette and CD.

Rossini: La donna del lago. Ricciarelli, Valentini Terrani, Goules, Raffanti, Ramey/Prague Phil Ch. Chamberlain/Scimone. Philips 412 149-1 (three records), also on cassette.

The improvement in the standing of Rossini's non-operas has been great in recent times. Not so long ago the explorer could find only *Barbiere*, *Italiana*, *Cenerentola*, and perhaps *Tell* easily available on record. With the release of the new Philips *Maometto II* (following upon the success of the same company's *Mosé in Egitto*) and the new CBS *Donna del lago*, the picture of one of the most misunderstood among major opera composers becomes evermore completely filled in. Both operas are from Rossini's Naples period—in fact, *La donna* exactly precedes *Maometto* in the Neapolitan canon. Both are beautiful, distinguished, original works; these new recordings should do much to make those adjectives generally accepted among devotees of Italian opera.

Maometto (1820) was the first of two works to be remoulded when Rossini removed to Paris; its fashioning as *Le Siège de Corinthe* (1826), was so substantial that the wisest course must be to think of the two as different operas related by common musical material and similar (but differently located) plots. (In between Naples and Paris there was also a version for Venice.)

Le Siège has been staged more than once recently, *Maometto* (to my knowledge) not at all—this year's Pesaro Festival is planned to see the latter situation right. Whether the former is seen and heard, a common claim is made for it; more often than not it is (one suspects) a claim repeated without the benefit of proper comparative investigation. That is, that the Paris opera is greatly superior to the Naples one—much pared-down in its vocal writing, much tauter in its drama, much the more "modern" in temper

and style. There is no room here for scrutiny of rival claims; what the new recording proves is that *Maometto II* is a work different from its successor, not inferior to it.

Naples made available to Rossini both orchestral and vocal virtuosity—the cast was led by the soprano Colbran (his wife) and the San Carlo prima donna) as Anna, the bass Galli as Mahomet, and the heroic-coloratura tenor Nozzari as Anna's father and Mahomet's Greek warrior enemy. The combination of sombre orchestral colouring and intricate, abundant brilliance in the solo voice parts makes for an opera of distinct and notably unusual character—spacious yet imposingly grand in its structure, at once noble in manner and ornate in detail. The combination is fascinating, but a touch forbidding. *Maometto II* was never a popular success, and one comes to understand why.

The libretto by Della Valle is a love-versus-duty affair planted amid Turkish ravages and Greek heroic defiance. With the partial exception of the stridently vigorous titular villain-hero, the characters seem pictorially vivid (for Paris Rossini sharpened the emotional conflict). It is a spectacular score, learned and bold in its effects, masterly in its range of atmosphere—from acrid nocturnal gloom to bright sunlight, from passages of simplest euphony (among them the famous Act I prayer for Anna and female chorus that Rossini completely repositioned in Paris) to massive ensembles with soloists turning vocal flourishes across an enormous compass. This is Rossini's 19th-century Italian classicist at his most remarkable.

The demands on singers are indeed exorbitant. Philips should be commended for assembling a cast able to meet them so confidently—whatever criticisms of the performance may follow, the quantity of accurate, unblemished florid singing contained on these six sides is an achievement worth saluting. But it is all a little undramatic. No doubt, with a singer of Samuel Ramey's muscular agility, tonal glamour, and wide compass for the title role, one is being absurdly ungrateful in hankering after

more incisive Italian enunciation—all the recitatives tend to flag (a charge to be made of almost all the cast), the "presence" is dignified rather than powerful.

Jane Anderson's heroine is neat, fleet, a touch pallid (we really want a Callas-Sutherland in one); likewise Ernesto Palazzo as her father can be admired for vocal negotiation rather than strength of personality. The most interesting performance comes from the Argentinian mezzo Margarita Zimmermann (a Royal Opera Cherubino not long ago) in the travesty role of the young Greek warrior Calbo. The voice will not be to all tastes, but in both bravura and smoothness of phrase she commands a kind of Rossinian expressive style only hinted at elsewhere. The conductor, Claudio Scimone (as of the Philips *Mosé*), lays out the work knowledgeably. One notes a fair amount of below-par orchestral playing; the "consecutive" quality of an opera with few detachable numbers is unevenly sustained. Not an ideal *Maometto II*, then—but very good to have, all the same.

The comment holds true, but even more so, for the CBS *Donna del lago*. There must be people all over London deceived by the current Covent Garden flop into drastically underestimating the work; this album, based on the 1983 Pesaro production, should go some way towards putting them right. Maurizio Pollini, in his first non-pianistic assignment on record, drives the music hard—too hard—but at least he is convinced of its special colours, charms, and dramatic appeal, and he communicates his conviction unflinchingly.

The singing is for the most part touched with passing imperfection but full of point and purpose—in the title role Natalia Ricciarelli melts the heart of even the most obdurate Beckmesser—while in Lucia Valentini Terrani the cast boasts the most roundly attractive and accomplished Rossini mezzo currently active. I need not repeat my belief, stated here a fortnight ago, that Rossini's opera is one of his most captivating works. The new recording does just that, in heartfelt style.

Max Loppert

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